

Advisory Budget Committee

Minutes

September 22, 2020

This meeting was at the Barrington Town Hall with remote participation available.

Members Present: Steve Saunders, Peter Royce, Dannen Mannschreck, and John Morris

Others Present: Conner MacIver, Tracy Hardekopf (remote), and Amy Doherty (remote)

Steve Saunders called the meeting to order at 4:33pm.

The group discussed whether the Select Board representative (Tracy) should be a voting member or not. The consensus of the group was that having a full (five-member) committee was most important. The Committee agreed that Tracy would be a voting member unless a fifth member were appointed by mid-October. Tracy has a potential candidate in mind.

Steve called for nominations for the Chair position. Dannen nominated Steve and the group agreed by consensus.

Steve called for nominations for Secretary. Conner explained that staff (Amy or himself) could take meeting minutes.

Steve called for nominations for Vice-Chair. Dannen nominated Peter and the group agreed by consensus.

Steve asked, procedurally, how the Advisory Budget Committee (ABC) would participate in the Select Board budget meetings. Conner explained that the meetings are held virtually with Microsoft Teams. Tracy suggested that input from the ABC be agenda items to ensure the group's feedback is a part of every meeting.

Conner offered to set up a test meeting at 2pm on Monday for members of the ABC.

Steve explained that it is his intention to provide questions to Department Heads in advance of their presentation and to follow-up during or after if necessary.

Steve asked Conner to provide an overview of the budget as presented.

Conner explained that this budget process started much earlier than normal due to financial concerns of the pandemic. Expenditures, revenue and financial indicators have been monitored closely throughout the process. This information has been routinely discussed with Department Heads and the Select Board. The financial prospect for 2020 is strong. Revenues are at or ahead of projections and expenditures are well within budget. Over \$300,000 in grant funds, conservative spending, and one-time planned expenditures which were not necessary in 2020 have contributed to estimated \$600,000 budget surplus.

Conner explained that the financial outlook for 2021 is not as bad as originally anticipated but there will be unavoidable cost increases and revenue decreases. On the revenue side, the

locally collected revenue (motor vehicle registrations, transfer station fees, building permit fees, etc.) are continuing to see growth, but the State revenue sources (highway block grant, meals and rooms, and shared revenue) are expected to be reduced in 2021. This could result in a \$300,000 revenue deficit. On the expense side, the New Hampshire Retirement System is increasing employer contribution rates by an average of 20% and health insurance premiums are expected to increase 12% (or more). Acknowledgement of these impacts was at the forefront of budget development for all Department Heads.

Conner explained that Town leadership is proud to present an initial 2021 budget request that is \$30,000, or 0.41%, less than the 2020 operating budget. This budget proposal includes all known cost increases. The budget proposal also includes funding for a step increase at \$57,000 total. An annual step allowance for eligible employees is a recommendation of the total rewards compensation study adopted by the Select Board in early 2020.

Steve asked when the Select Board would make a commitment regarding wage increases. He requested that it be early in the process in order to allow for a proper review of the budget requests.

Tracy explained that she felt the Select Board would want a better understanding of estimated revenue reductions prior to making a commitment.

Conner explained that State revenue estimations would become clearer throughout the budget process. Primarily, the Town will be waiting on action by the State Legislature for the shared revenue and Meals and Rooms.

John asked about the estimated \$584,381 in unexpended appropriations.

Conner explained that three main factors have contributed to the sizeable, anticipated surplus. First, the \$300,000+ in grant funding has offset expenditures. Second, there were a few one-time expenditures budgeted in 2020 for which funding was not necessary (end of lease requirements at the Town Hall and the amount planned for the compensation study implementation). Finally, due to the economic uncertainty, the Town has been spending conservatively and finding temporary alternatives to needs. The Police Department, for example, has purchased two used cruisers instead of buying new.

Conner continued by describing the information provided in each section of the 2021 budget binder.

Tracy requested a note at the bottom of warrant article requests indicating that current balances could be found in section eight of the budget binder.

Dannen made the recommendation that the unassigned fund balance be maintained at or above the 12.5% target. The group agreed.

Conner explained that the group could monitor warrant article requests using fund balance against the amount expected to be added to fund balance at the end of the year. Currently the unassigned fund balance is at 12.4%.

Steve requested grand totals for each Department Head summary page where a Department Head is responsible for multiple budgets.

Conner proceeded to present the budget request for departments and accounts he is responsible for.

Steve asked for more details regarding the vehicle fuel request. Fuel prices have reduced, and the 2020 utilization does not support level funding. The group felt that a comparison of gallons purchased would be valuable.

Tracy suggested maintaining a larger balance in the Incident Fund in case additional funding was necessary for the Town Hall project.

Steve explained that revenue shortfall could total 3-4%. He asked for an explanation of where a 5% budget reduction could come from and what impact it would have on services. He plans to ask this question of each Department Head.

Dannen explained that focusing on a reduction in expenditures or taxes is not the only objective to consider. It is possible that a tax rate increase is necessary in order to provide the services necessary for the community.

Tracy suggested closely monitoring the general assistance utilization through year-end in order to properly budget for 2021. There is still uncertainty regarding need and the expiration of available assistance.

The meeting adjourned at 6:33pm