

**TOWN OF NEWMARKET, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

SEPTEMBER 25, 2023

TOWN HALL AUDITORIUM

Approved October 23, 2023

MEMBERS PRESENT: Chairman Christopher Wolfe, Danielle Honan, Brian Rowley, Tim Chiou, Scott Foster, Brian Hickey, Ned Carpenter, Justin Looser, School Board Rep Dan Smith, Town Council Rep Brian Ward

EXCUSED: Vice-Chair Richard Lesavoy

ALSO PRESENT: Director of Finance & Administration Bill Tappan

Chairman Chris Wolfe welcomed everyone to the September 25, 2023 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 Public Comment at 6:31 pm; no members of public present.

NEW BUSINESS

Presentation of Town Year-End 2023 Finance Report

Director of Finance & Administration Bill Tappan said at end of June the maximum spent should be 100% or less, General Fund was at 93%, total Operating Budget expenditures at 91%. Anticipated cost increases relative to electricity, heating, and diesel fuel as well as other unanticipated costs; energy increases challenging to predict due to the war, global Covid restrictions, and OPEC production cuts as well as increased energy costs.

Director Tappan said bottom line revenues ended positive, accrued revenues at \$36,353,289 compared to \$34,909,125 prior year; increase of \$1,444,163 partly due to tax revenue increase. Additional funds from State for Rooms & Meals Tax revenue, increasing Charges for Services due to ambulance receipts; Water receipts increased by \$189,470, Wastewater receipts increased by \$220,029, plus \$500,000 from Fund Balance.

Mr. Foster asked if increases in Charges for Services were based on doing more or due to increased rates. Director Tappan said he understood ambulance receipts went up due to person with a higher level of technical capability who was able to do more. Mr. Foster asked the amount of expenditures equal to a dollar on the tax rate in increase or decrease. Director Tappan said that is usually determined by total values; tax rate last year was \$26/per thousand which is everything together which the town is a part of.

Mr. Rowley asked where Wastewater Treatment Facility increases go. Director Tappan said those Enterprise Funds go to Fund Balance at end of year. He said there are 2 parts to fund balance: reserved

and unreserved; any encumbrances still out there from prior year yet to be paid would be restricted and reserved fund balance; part of that money may need to be set aside for specific purposes every year. After that is unrestricted, unreserved fund balance to be used however; Enterprise Funds have to be used for those specific enterprises (water or wastewater); all tied to revenues versus expenditures; Town Council could say they want to use some of that fund balance. He said you want to have some kind of reserves; Town and General Fund should have a healthy fund balance at the end of the year.

Chairman Wolfe said there is just under \$700,000 in General Fund Balance and just over \$700,000 for Wastewater & Sewer and Town has outstanding bonding at the Water Treatment Facility. Director Tappan said there is other money that goes in there and every year we are looking at Enterprise Funds deciding what needs to be set aside to settle debt, usually not using fund balance for that purpose but using revenues covered by the rates. He said generally for a small community you have low debt but Enterprise Funds are unusual: one has unlimited amounts of debt you can take and the other has a very high limit; in General Fund you have a very specific amount.

Mr. Chiou asked for elaboration on the last item. Director Tappan explained that the \$500,000 comes from Fund Balance from the General Fund so it is unreserved fund balance at the end of the year, which might be considered profit in a normal corporation; Town Manager and Town Council will decide what part of that money will be put forward to reduce tax rates. He said the State requires a community to maintain a certain amount of money, at least 5%, and said he is trying to give 8% and above which is better for the town bond rating.

Presentation of Municipal Budget Committee Orientation

Director Tappan said there are 4 basic types of government: (1) Town Mayor & Board of Aldermen, people elect a CEO (Mayor) to run the city and elect representatives to set policy for the city. In NH: Nashua and Manchester. (2) Council Management form of Government, voters elect a legislative body which is the Council, hires professional manager to run cities (Dover, Portsmouth, Rochester etc.) and towns (Durham and Newmarket). (3) Select Board SB2 Form of Government, voters act as governing body, can appoint a TA or TM to be Chief Administrative Officer, town meeting serves as legislative body and deliberative session is when people meet to debate and amend articles and vote on Town Meeting Day; 68 towns in NH (Exeter, Rye). (4) Select Board –Traditional Town Meeting form of Government, voters elect a Select Board as governing body, can appoint TA or TM depending on town size, Town Meeting serves as legislative body, meets annually to approve Warrants and annual Budget; most towns in State.

Role of Town Council: Serves as a legislative and governing body; voters equal shareholders in corporate world; Town Council equals Board of Directors and Town Manager is CEO. Town Councils are not Select Boards but have some of that authority as does the Town Manager. In Newmarket the Town Charter says Town Council has all the power of city councils except to adopt the budget; State law says TC has all powers of selectmen, city councilors, and aldermen, and all actions of city apply to the town. Town Council cannot get involved in day-to-day operations, appoints CEO who has all authority of City Mayor (TM).

Town Manager (CEO) appoints all department heads with TC approval, disciplines employees, proposes budget and CIP to TC; Town Council makes policy carried out by Town Manager and staff; must adopt all laws, ordinances and resolutions, has budgetary control; Budget Committee only approves bottom line budget.

Role of Municipal Budget Committee: Purpose to assist voters, legislative body, in spending; recommends and amends the Annual Budget, makes recommendations on borrowing, does reviewing not controlling

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of expenditures. Budget Committee is set up by Town Charter and not an audit committee; all relations with staff are funneled through TM. Administrative Structure chart shows relationship of department heads and staff; outside that hierarchy is Town Tax Collector and Library which is run by Library Board of Directors.

Mr. Rowley asked about CIP; Director Tappan said that is the Capital Improvements Committee. Chairman Wolfe said Richard Lesavoy is the BC representative to CIP which has already been submitted. He said the BC is well disciplined and does not discuss business outside of meetings but communicates by funneling information for review.

Discussion of 2024 Budget Calendar

Chairman Wolfe said he sent 2 calendars, one from TM and second calendar identifies BC scheduled meetings. Town Council will schedule their Town Workshop next month then give us their Budget; TM will present Town Budget to BC; December 2 is Budget from the School. He said a second meeting is scheduled for December 18th to meet with Town and School if necessary; budgets can be approved after public hearing January 8th.

MEETING MINUTES

Approval of August 21, 2023 Meeting Minutes

Motion: Mr. Rowley made a motion to approve the meeting minutes of August 21, 2023; **seconded** by Councilor Ward; **vote** 6 approvals, 2 abstentions.

Approval of June 26, 2023 Meeting Minutes

Chairman Wolfe said these minutes need approval by a quorum of people present at that meeting.

Motion: Mr. Carpenter made a motion to approve the meeting minutes of August 21, 2023; **seconded** by Councilor Ward; **vote** 6 approvals, 2 abstentions.

OTHER BUSINESS

Next Meeting: October 23, 2023

ADJOURNMENT

Mr. Carpenter made a motion to adjourn, seconded by Councilor Ward, all in favor 10-0.

Chairman Wolfe adjourned the meeting at pm.

Respectfully Submitted,

Patricia Denmark, Recording Secretary