

SELECTMEN'S WORKSHOP
Minutes of 10/15/07
4:00 p.m.

Selectmen:

Frank S. Michel, Chairman
Peter F. Brothers, Vice Chairman
Robert C. Flanders
Miller C. Lovett
Colette Worsman

Town Manager:

Carol M. Granfield

Recording Clerk:

Karin Landry

The Workshop was opened by Chair Frank Michel at 4:00 p.m. The Chair introduced the Selectmen, Town Manager Carol Granfield, and Director of Administrative Services Brenda Vittner. The workshop format allows for discussion among the Selectmen, followed by public input at the discretion of the Chair.

W 07-22 Overlay and Fund Balance Update

The Town Manager introduced the matter. This workshop is a continuation of the October 1 workshop on overlay and fund balance. There was a good consensus on overlay at that workshop, but the Board wished to have more dialogue on the fund balance.

Director of Administrative Services Brenda Vittner recapped the recommendations for a \$75,000 overlay and \$650,000 for fund balance. Utilizing \$650,000 from fund balance will raise the tax rate 3¢ per thousand; \$750,000 from fund balance will drop the tax rate by 3¢ per thousand. The term “placeholder” is used when money from the undesignated fund balance is moved to reserve. The money is allocated, but not spent. During the past 9 years, the town utilized from \$500,000 to \$1.25 million to stabilize the tax rate.

Dialogue ensued regarding DRA requirements for fund balance. Preliminary reports from the DRA indicate that county, local school, and state taxes will increase by 26¢ per thousand. The Board discussed the effects of that increase on what is designated as fund balance.

Selectman Worsman does not want the tax rate increased, and is in favor of decreased spending so the reserved fund balance is left untouched. Selectmen Michel pointed out that many taxpayers prefer to use fund balance to offset what they have to pay today, as opposed to building the general fund. Selectman Flanders sees the discussion as part of the budget philosophy going forward, as opposed to how much will be designated to fund balance.

Brenda Vittner explained that because there is less margin between estimated revenues and the budget each year, there is less going back into unreserved fund balance at year

end. Dialogue ensued regarding the estimated year-end general fund balance. If the Board chooses not to use any of that balance to stabilize the tax rate, the rate will increase by 33¢ per thousand. The Board discussed past uses of the fund balance and how the use of fund balance works to save taxpayers money on bond interest.

Selectman Lovett is in favor of reducing appropriations to allow for the possibility that less revenue will be collected than estimated in the budget. Revenues from automobile registrations and building permits are down. He is in favor of allowing the fund balance to build up and be used for large capital expenditures without borrowing and paying interest. The Board can avoid future bond issues by making changes now.

Selectman Brothers pointed out that spreading payments for capital expenditures over a 10-20 year period does not put the burden on the current taxpayers. He is an advocate of the use of expendable trust funds to stabilize the tax rate. He pointed out that the cost of building increases if a project is delayed to allow for funds to accumulate in the general fund.

Dialogue ensued regarding expendable trust funds and how they have been used for capital expenditures.

Selectman Worsman is in favor of using \$650,000 for fund balance and \$75,000 for overlay. She likes Selectman Lovett's approach to the use of fund balance, but is concerned with how it will affect the tax rate following last year's increase.

Dialogue ensued regarding keeping a stable fiscal environment and the effect of the down economy on the upcoming years.

Resident Peter Miller pointed out that because the Town is getting better at projecting revenue, surplus revenue is diminishing. The amount available to stabilize the tax rate in the future could be considerably less than \$650,000 - \$750,000.

Dialogue ensued regarding the benefits of a conservative approach in projecting revenues.

Chair Michel indicated that the item will be brought forth with a motion and vote at the Board meeting following the workshop. If a motion is made to set the fund balance at \$650,000, Selectman Lovett will make an amended motion to lower it to \$400,000.

Selectman Flanders motioned to move into a non-public meeting at 5:00 p.m., under RSA 91-A:3 II(a) for the discussion of personnel. The members were polled by the Chair. All in favor. 5-0. Motion passed unanimously.

Respectfully submitted,

Carol M. Granfield, Town Manager

Frank S. Michel, Chairman

Karin Landry, Recording Clerk

Peter F. Brothers, Vice Chairman

Robert C. Flanders

Miller C. Lovett

Colette Worsman