

DRAFT Budget Committee Meeting Minutes- April 18, 2024

Open the Meeting and Roll Call

- Chair Cutting opened the Budget Committee meeting at 7:00 PM. Chair Seidel opened the Select Board meeting at 7:00 PM. The Select Board meeting was opened as an emergency meeting.
 - *Present:* Michael Cutting (chair), Ray Martin, Rick Bixby, Bill Hanson, Alfred Hanson, Harold Blanchette
 - *Also Present:* Kathy Frenette, Georgia Flanders, Faith Minton, Clyde Carson, Judy Newman-Rogers, Michael Smith
 - *Present via Zoom:* Robert Blake

Chair Seidel made a motion for the full three-member Select Board to attend future Budget Committee meetings. Faith Minton seconded the motion, and the motion passed unanimously.

Minutes

- 2/8/2024
 - Harold Blanchette made a motion to accept the minutes. Rick Bixby seconded the motion, and the motion passed unanimously.

Organizational Process

- Elect Chairman and Vice Chairman
 - Alfred Hanson made a motion to elect Mike Cutting as Chairman. Harold Blanchette seconded the motion, and the motion passed unanimously.
 - Alfred Hanson made a motion to elect Robert Blake as Vice Chairman. Harold Blanchette seconded the motion, and the motion passed unanimously.

Review of 2024/2025 Schedule

- The meeting schedule for the Budget Committee is available on the town website.
- Department site visits have been added to the schedule for clarity in the budgeting process
 - Departments such as police, fire, highway, etc. will be visited
 - One visit per month
 - Occurring at usual meeting time of 7:00 PM
- Starting earlier than in previous years in order to avoid time crunch at the end of the year
 - Essentially, all deadlines have been moved up one week
 - This makes it easier to meet deadlines such as Town Meeting, release of Town Report, etc.
 - Final 2025 Budget Public Hearing date
 - Potential move to January 30th in order to give time for DRA approval of warrant articles
 - Continuation would then move to February 3rd, and the final vote would move to February 6th
 - Conflicts with deadline for petitioned warrant articles and will need to be reexamined
 - Department budget deadlines have also been moved up
 - November 7th: total town budget
 - December 12th: budgets of all departments have been reviewed
- All budgets and other documents must be received 7 days in advance of a meeting
- Budgets are typically received from departments in September
- Potential issues

- Insurance often takes time to provide numbers
- Putting forward this schedule ahead of time gives departments notice that they have six months to complete their budget
- Some departments will need to be worked with in order to deliver a budget more quickly
- Department heads have already been alerted about budget deadlines
 - They have been asked to prepare to begin meeting around July 1st

2024/2025 Budget Process Goals

- More direction from the Budget Committee to the Select Board and departments
 - Provide a projected increase?
 - A lower increase is desirable
 - However, setting a number ahead of time can be needlessly restrictive- both for increasing and for cutting the budget
 - Wants vs. needs
 - Budgets should not be a “wish list” for departments
 - Suggestions for direction to be discussed at next meeting
 - Lower inflation in 2024/2025 will hopefully translate into a lower increase
- Salaries and benefits moved back into departments for ease of comparison
 - Privacy concerns around providing exact wages for positions
 - Follow up with Department of Labor and HR
 - Transparency for the public
 - Evaluating departments without evaluating the cost of their labor makes it difficult to budget accurately
 - Escalating cost of benefits necessitated a full picture of all benefits expenses in one line item in the past, but departmental expenses would also be useful for comparison
 - Some departments still retain their own benefits lines
 - Benefits were increased in part to retain employees and keep their compensation package (wages, insurance, retirement, etc.) competitive
 - However, cost has increased drastically and it may not be affordable long-term
 - Warner’s 100% benefits package is rare among municipalities
 - Wages, however, are fairly average in comparison with other towns
 - Health insurance enrollment has not increased due to increased coverage
 - However, a \$2,000 stipend is given for opting out
 - This is taxable
- More dialogue with department heads
 - Suggest purchasing through state contracts wherever possible
 - National averages for increases vs. increases in previous budgets
- Zero-base budgeting
 - Building a budget from previous budgets may be quicker, but it is less accurate- and generally results in larger increases that may not be necessary
 - Tops-down vs. bottoms-up budgeting
- Accountability
 - Select Board is the only board who can hold others accountable and move funds between departments
 - When funds must be moved, there are only a few departments that funds can be taken from
 - Thus, when some departments overspend, those few departments are frequently the ones to take the hit
- Surplus

- Surplus at end of 2023 after Avitar purchase: \$84,694
- A tighter budget is not necessarily a better budget, as approving additional expenditure in excess of the budget requires approval in court
- These funds can then be used to decrease the tax rate
- Audits
 - Issues raised regarding when audits are paid for
 - Documents regarding expenses will be reexamined
 - Auditing is a months-long process
 - Often, audits are not received in a timely manner
 - The Board of Selectmen will be seeking a new auditor due to these issues
 - The audit contract does not currently include a deadline for the audit
- Assessing
 - Initial budgeting for revaluation was based on the numbers provided by previous assessor
 - Revaluation will be more expensive with the current assessor, upwards of \$200,000
 - Funding for revaluation has not been consistent in previous years
- The public has chances to provide input throughout the budgeting process, with the last point of input being Town Meeting
- Next meeting: May 9 at the Police Department

Expenditures and Revenue- Year to Date

- Line-by-line review?
 - This can be time consuming and may not be necessary
 - Members of the board can bring issues to the attention of the chair and those problem items can be examined
- Expenditures
 - Select Board Budget
 - 34.15% spent YTD
 - Office supplies line is already overspent due to purchase of new Meeting Owl device
 - Town Administrator wage line
 - Some wages for interim town administrator paid out of this line
 - This line may be a concern at the end of the year
 - Highway Department
 - Sand and salt are currently stocked up
 - Warner Community Center
 - Fuel expenses
 - Tanks are topped off at the end of the season
 - Cemeteries
 - American Legion must provide an invoice in a timely manner
 - Insurance
 - Lump sum vs. semi-annual payments
 - Kathy will follow up with insurance providers
 - Two payments is more workable from a cashflow standpoint
 - Advertising
 - CNHRPC- what service are they providing?
 - Funnels federal funding to municipalities
 - Parking studies
 - Traffic counts
 - Paid in a single lump sum for a year

- Housing Advisory Committee Grant
 - Part of last year's funds
 - Comes out of Land Use budget
- Cybersecurity issues
 - Evaluation by Homeland Security revealed that we are at risk for further problems
 - This evaluation is free
 - Warner have already seen multiple cybersecurity threats in 2024
 - Addressing this problem will require expenditure of funds, but ignoring it would be even more costly
 - Town firewalls are becoming outdated within the next few years
 - There are no plans in place to replace these outdated firewalls
 - Technology updates have been neglected in the past as a cost-saving measure
 - This has resulted in a number of security issues that are in urgent need of fixes
- Revenue
 - Budgeting for revenue
 - In the past, revenue has not been budgeted for the way that expense has
 - Revenue schedules are not clear- when is it received?
 - Tracking revenue helps to inform the process of budgeting for expenses
 - Also helps to prevent a revenue shortfall
 - Estimated revenue vs. actual revenue
 - 2024's estimated revenue was lower than previous years
 - Revenue is always conservatively estimated
 - Difficulties in determining when certain revenue comes in, especially going quarter by quarter
 - Example: Motor Vehicles, which is dependent on individual birthdates
 - Some line items fall solidly in one quarter, however
 - Creates more accurate estimates of revenue
 - Helps to understand which revenue streams are volatile and which are stable
 - Property taxes
 - Currently not included in revenue budget
 - This is a significant source of revenue and should be considered in the budget
 - \$600,000 lump sum from 99-year easement
 - The funds have been received as of March 1st
 - These funds had to be labeled as unanticipated in the 2024 budget process
 - This is partially because it was not solicited by the town
 - The \$600,000 could not be added to the revenue *projection* for 2024, but can be accounted for now that it has been received

At this time, Faith Minton made the motion to adjourn the Select Board meeting. Harry Seidel seconded the motion, and the motion passed unanimously. The meeting was adjourned at 9:35 PM.

At this time, Alfred Hanson made the motion to adjourn the Budget Committee meeting. Harold Blanchette seconded the motion, and the motion passed unanimously. The meeting was adjourned at 9:35 PM.

Respectfully submitted,
 Georgia Flanders
 Zoom Administrator