

Hanover Finance Committee

Minutes

March 20, 2023

Location: Board Room, Municipal Building, 41 South Main Street, Hanover

Meeting was called to order at **7:30 p.m.**

Attendees: Kari Asmus, Carey Callaghan, Bill Geraghty (Selectboard member), Kimberly Hartmann (School Board member), and Greg Snyder.

At the Hanover Selectboard Meeting, a quorum of the Hanover Finance Committee (HFC) was present to hear the following public agenda item: 16. Budget Review and Approval of 2023/2024 Budget. HFC members were present to observe the Selectboard's deliberations, to ask questions, and to offer comments.

HFC provides the Hanover Selectboard Meeting Minutes of March 20, 2023 for the agenda item above with amendments as its own Minutes, and those Minutes are incorporated by reference here and copied below as permitted by the Attorney General Memorandum on New Hampshire's Right-to-Know Law.

The Finance Committee meeting was adjourned at 9:45 pm.

16. Budget Review and Approval of 2023/2024 Budget

At 8:43 pm, Chair Christie MOVED to Set a Public Hearing on Monday, March 27, 2023 to Approve the FY 2024 Budget. Vice Chair Rassias SECONDED the Motion. All in favor

Town Manager gave a progress report regarding the status of the budget.

- All questions raised at the budget hearings have been posted on the website with answers
- Updated numbers have been posted and more changes have been made just prior to the meeting which were sent to the Selectboard and Finance Committee
- There are several questions which need to be discussed this evening
 - o How much money to anticipate from Bressett funding was answered already tonight
 - o Small deficit in the ambulance fund to be addressed
 - o Use of ARPA funds
 - o Many small changes and some larger changes
- Added a contingency account
 - o Excess funds removed from some line items during budget process. This would restore cushion in a more transparent way.
- General Fund tax rate increase now at 6.75%
- Fire Fund at around 6.5% tax rate increase with a little bit of use of Undesignated Fund Balance
- Water and Wastewater rates are expected to increase an average of 6.8%
- Parking Fund is expected to operate in the black this year as it did last year, but it still has a negative fund balance from losses during Covid
- Fine tuned the reports of what was approved at last Town Meeting vs what has been spent
 - o Gap is down to \$20,000

Use of undesignated funds was discussed following Mr. Torpey's explanation of the current and projected amount in the fund.

Public Comment

Kari Asmus, Finance Committee Chair reiterated some of the points the Finance Committee has made previously.

- Pleased with new three checkpoint system
- Adding an estimated Year-End Fund Balance for the current year is very helpful
- Meals and Room and Retirement- double check if that's available or if it has been used
- Asked for clarification of the Estimated current budget year negative \$40,000
 - o Mr. Torpey just re-ran the numbers and rather than negative \$40,000, it shows positive \$18,000
- End of FY22 status- deficit?
 - o Staff will look into this and check what steps need to be taken to follow procedure, but it appears that the \$378,000 in appropriations greater than revenues will be covered by the FY22 Undesignated Fund Balance draw voted on by Town Meeting.
- Current use figures need to reflect FY21 collection

Carey Callaghan, Finance Committee

- Question about Rooms and Meals tax income uncertainty and whether there was scope for a higher interest income estimate. These budget figures will be revised, sent out and reviewed at the next board meeting.

The board discussed the ARPA fund use for the Parking fund.

Projects identified for ARPA usage:

- Phone system upgrade \$50,000
- EV chargers \$50,000
- Town-wide digitization \$50,000
- Downtown Dining/placemaking \$20,000
- Election supplies – tablets \$15,000
- Replace carpet \$25,000
- Hardware technology upgrades \$55,000
- \$340,000 to the parking fund

Without the parking assistance, the total is \$265,000. With the parking assistance it's \$605,000.

Mr. Torpey clarified for the board how these projects were selected to fund through ARPA.

These are the items that fall in the most preferred use of the money within the criteria which is pretty broad. More reporting would be required if funds were used to pay people, so currently avoiding that. Chose projects that fall in the most streamlined tracking and reporting category along with what has been identified as a priority.

DPW Director Pete Kulbacki answered questions about EV charging.

The board discussed whether to use \$340,000 of ARPA funds to bring the Parking fund balance up to zero. Selectboard Member Geraghty relayed the discussion from Finance Committee was that funds that get moved to the parking fund will stay there and can't be used elsewhere. Is it possible to wait a bit longer before clearing out the parking deficit since the parking revenues have been steadily climbing again? Is there a number less than the full \$340,000 that we could give such as \$200,000 allowing other uses for the remaining funds?

Public Comment

Kari Asmus asked about the difference between FY22 and projected FY24 for the parking fund as well as capital reserves. She is in favor of not bringing the balance all the way to zero with

ARPA funding since the Parking fund is doing better and the ARPA funds could be used to help capital reserve balances which have been impacted by inflation

Kim Hartmann, School Board Rep/ Finance Committee clarified ARPA funds cannot go directly to reserve funds, but can be used for projects that were earmarked to be paid by reserve funds. Chair Christie summarized and suggested that the ARPA/parking fund dec

Chair Christie summarized and suggested that the ARPA/parking fund decision does not have to be made immediately. It can be decided later in the year as more ARPA discussions occur and there is more information about the parking fund balance. The board agreed with that.

Questions to look into:

What happened with the parking fund at the end of FY22? Are the numbers we're currently showing accurate? Negative budget projected for FY24 doesn't seem to make sense since the revenue is increasing. Ellen noted she will look into these issues.

The board discussed the ambulance fund deficit of \$74,000.

Mr. Torpey gave some examples of options to correct this such as using ARPA funds for equipment purchases. Staff will look at the possibility of changing this formula in the future so that these accounting issues do not occur. The combined fire/ambulance funds are flush, it's just the percentage breakdown that causes the issue. The board discussed options. If no action is taken, the ambulance undesignated fund can be zeroed out and cover the deficit.

Kari Asmus addressed the historical reference to the ambulance formula and the current deficit due to salary and the other contributing towns already finalized their town budgets so rates can't be raised at this time. An 18% increase in per capita Community Contributions would be needed to bring revenues up to appropriations. Fire Chief Marty McMillan explained why there is an ambulance fund deficit which has to do with the way the ambulance and fire departments split their funding, but use the same staff and facilities.

Chair Christie noted an outstanding budget item is the Veterans Tax Credit. He withdrew his previous suggestion to change the value at this time, but to leave it at \$500 for the coming year and discuss it again later.

Kari Asmus noted it was mentioned in a budget hearing that the social service funding request for Food Pantry didn't meet the criteria. Chair Christie thought it had been removed from the budget, but staff will double check. Town staff will aim to get the revised budget information and numbers out on Thursday.