

**Town of Deerfield
Finance Committee
Minutes of the Meeting, February 7, 2023**

Attending: Mark Brennan, Beth Brown, James Cambias (secretary), Julie Chalfant (chair), John Paresky, Dave Sharp, Allison van der Velden.

Also Present: Brenda Hill, Trevor McDaniel

Ms. Chalfant called the meeting to order at 5:35 p.m. on Tuesday, February 7.

- Brief discussion of scheduling. Reminder that questions from Committee members to town officials about the budget ought to be submitted in advance. State budget this year will be later than usual. Possibility that Town Meeting may be later as a result.

- Two reserve fund transfers:

Dr. van der Velden moved to approve a reserve fund transfer of \$850 to cover additional training for Conservation Commission members. Mr. Paresky seconded the motion. Little discussion. The motion passed unanimously.

Dr. van der Velden moved to approve a reserve fund transfer of \$2000 for Landfill monitoring expense. Mr. Cambias seconded the motion. Apparently the sample results from the first test wells were questionable so additional sampling was needed. The motion passed unanimously.

- Review of January Expenditures Report. Questions about carry-forwards and the use of capital funds for school transport. The latter is apparently just an accounting convenience.

- Review of January Revenues Report.

- Review of Financial Indicators

1 (Revenue): Noted that revenue shows a steady increase -- but inflation adjustment shows a decline from 2021 to 2022. Still considered favorable.

2 (Operating Budget Source): Generally agreed that we need to eliminate the use of free cash for operating budgets. Question about why SCEMS is counted under free cash, and how it gets funded. Discussed ways to move SCEMS into the budget as a regular expense. Indicator considered marginal.

3 (State Aid): Aid from the State continues to decline. Question about what other towns are doing and how much aid they get. Still considered unfavorable.

4 (Property Taxes): Considered favorable, though Ms. Chalfant commented it is not very informative.

4a (Levy Limit): The Committee agreed that this is currently favorable as the limit is increasing faster than taxes.

4b (Average tax bill): Question about how this compares to other towns as a percentage of per capita income. Committee agreed this is marginal.

4c (Assessed value): Generally agreed this indicator is favorable, as the town's combined value continues to increase. One concern was raised that this is merely chronicling a real-estate price bubble.

4d (New growth): Still considered favorable as there is genuine new growth in both housing and commercial/industrial properties.

5 (Uncollected receivables): Still continues to decline, which is considered favorable as it means most property owners are paying taxes on time.

6 (Operating expenditures): Still rated as favorable, as spending is mostly steady, which in a time of inflation is a good thing.

6a (Expenditures by category): As with 6, still favorable. Education is by far the largest expense for the town. Some question as to why it continues to increase even though the number of students has not.

7 (Personnel): Generally considered favorable, as increases have been slow. There is concern about what adding more Town employees may do over the long term.

8 (Pension liability): The Town is on target to fully fund its pension requirements on schedule, so this is favorable.

8a (OPEB liability): Unlike pensions this is drastically underfunded. Mr. McDaniel mentioned that any new income stream, such as from a marijuana dispensary, ought to be directed to this. Agreed that this indicator is unfavorable

9 (Debt load): The current debt load is marginal due to large capital projects, and that does not include expansion of the Tilton library.

10 (Debt service): Considered marginal, as the town budget is currently at about 5 percent devoted to debt service — but some of the enterprise funds, especially sewer, are much higher.

11 (Reserves): Favorable indicator, as the town currently has healthy reserves.

12 (Population/demographics): The town population is roughly constant since 1990, but the proportion of 55-and-older inhabitants is now more than 40 percent and rising. This is considered a marginal indicator.

- Next week's meeting will begin the budget analysis by examining revenues.
- Mr. Cambias moved to adjourn. Dr. van der Velden seconded the motion. Motion to adjourn passed unanimously, and the meeting closed at 7:40 p.m.