

## **Report of the Budget Committee**

Over the past several months the Budget Committee met with Town and School Officials and various Department Heads to review the various proposed budgets. The Budget Committee noted that the economy continues to be slow with revenues down, though there was some new building that added approximately \$5,000,000 to the tax base. This is not enough to keep up with current combined Town and School budget requests without a tax increase.

For the first time in a while the Town has had to pursue tax deeds while the numbers of homes for sale remains high relative to the average. For this reason, the Budget Committee continues to seek budgets that do not increase the tax rate. It should also be noted that the Town Municipal operating budget plus warrant articles declined by \$543,554 from 2005-2010 while the SAU budget increased by \$ 1,469,962 from FY2007 through this current budget. One factor that the Budget Committee also took into consideration were one time unexpected town revenues from tax deed resales of about \$200,000 and a temporary spending freeze by the SAU that returned \$471,000 to the overall fund balance and thus reducing the tax impact of this year's budget.

The view of the Budget Committee is that tax stability is the key towards laying the foundation for renewed economic growth in Fremont. Fremont must be able to attract businesses and people in order to grow its tax base so that the growing needs of the Town can be addressed. Also, by keeping budgets low at this time, it will provide financial room for the community to address its long term capital improvement needs such as the rehabilitation of Town Hall and a new Middle School. As other bond issues are paid off opportunities to improve other areas of the community will grow.

According to NH RSA's governing Budget Committee procedure, the Budget Committee went through each budget line by line and made recommendations accordingly in order to come up with a final figure. Even so, the specific recommendations of the Budget Committee are not binding. Departments are free to arrange their budgets within the total recommended by the Budget Committee, with oversight by the Selectmen or School Board. For Town and School spending purposes only the bottom line total represents restrictions in how much money can be spent.

Total budget requests for the Town included in the Selectmen's recommendation were \$3,070,219 including the operating budget of \$2,617,588) and Warrant Articles totaling \$452,631. The total Budget Committee recommendation is \$3,041,669. This includes an operating budget recommendation of \$2,599,038 and \$442,631 recommended in Warrant Articles. The default budget for the Town is \$2,452,659. Most of the differences in recommendations by the Budget Committee were based on historical trends in spending. The Budget Committee also cut back in areas that were not considered essential to every day operation of the Town (e.g. reducing the number of Parks and Recreation trips by 50%). In total, the Budget Committee recommended \$18,550 less than the Selectmen's operating budget.

For the School budget there were a number of areas that the Budget Committee took under consideration. The first is that the SAU had a balance for 2010 of \$424,332.06 (due in part to a spending freeze when they had to find another heating oil contract) and has a projected balance

of about \$643,697.57 for the current fiscal year (which goes from 07/01/10 to 06/30/11) as of the writing of this report.

Current SAU reported School District spending as of December 31, 2010:

\$4,340,216 Expenditures to date

\$5,698,889 Encumbered

\$450,451 Estimated remaining balance (not encumbered)

\$10,489,556 Total projected spending for this fiscal year

This total of \$10,489,556 is below the \$10,820,628 budgeted for the current year. This is in line with the Budget Committee proposed recommendation of \$10,250,518 for the 2012 fiscal year. The Budget Committee based their recommendations on the past trending and spending of the SAU to come to a fiscally responsible budget that the taxpayers can afford.

The recommended Budget Committee budget for the SAU, reflects an amount equal to the State of New Hampshire's estimated cost per student (2009/2010). The Budget Committee also recognizes that Ellis School has received State Approval as an elementary school by state regulation therefore the Budget Committee reduced expenditures to meet the requirements of this classification (e.g. recommending funding amount for 1.2 guidance counselors instead of the 2 requested). Additionally the Budget Committee implemented RSA 32:19 by not recommending the contracted step increases in the teachers contract because the Budget Committee considered them unaffordable.

All in all, the Budget Committee recommended \$10,250,518 as opposed to the School Board's request of \$11,242,332. The default budget of the Fremont School District is \$11,115,398.

For an approximated difference of one million dollars, that would impact the 2011 tax rate by \$2.78 per \$1000 of valuation.

A two page spreadsheet follows that includes the Budget Committee recommendations by function for the School District Budget FY 2011-2012.

The full detail of the Town and School budgets can be found on the respective State forms. This includes the Town Form MS7 and School District Form MS-27 within the Town Report, posted, and contained on the Town's website at [www.Fremont.nh.gov](http://www.Fremont.nh.gov).

Respectfully submitted,

Member of the Fremont Budget Committee

Charles D Kimball, Chairman  
Ida Keane, School Board's Representative  
Patricia Martel  
Greta St Germain, Selectmen's Representative

Laurie Allore  
Andrew P Kohlhofer  
Michael Nygren