

Date: September 7, 2007

To: Hampton Board of Selectmen cc: Fred Welch; Budget Committee

From: Mike Schwotzer

Subject: August '07 Income / Expense Statements / Revolvers

Attached is a copy of the Income and Expense Statements for the month ending August 31, 2007. The first three pages detail the income; the next page (numbered 16 of 16) is the summary by department; the next page is entitled: "Calculation ... YE Savings" and shows how I calculate the estimated year end under spending; the next fifteen pages (numbered 1, 2, ... 15 of 16) are the expenses by line item; then the remainder is the revolving accounts (Rec.; Cable; Detail; and EMS). The 2007 budget column uses the default budget as adjusted by the BoS.

Notable items:

- On (Income) page 1, the Motor Vehicle Fees on a year-to-date are on budget for the fifth month in a row. This account is tracked closely because it provides over 40% of the Town's total income budget.
- Also on (Income) page 1, the dog licenses are double the budgeted amount which is a result of this year's concerted effort to license all of Hampton's canines.
- On (Income) page 3, the parking lot revenues (thru 8/31) are shown at gross and the **effect of the 20% allocation** is shown (but not booked). Compared to 2006 at this time, the revenues are ahead by \$11k or 4%.
- On the same page, the YTD total is only 56% of budget. Accounting is ALL about timing. For example, if we had already received the budgeted State revenue along with the Real Estate Trust, that number would read 79%. I believe that we will end the year in the 98% range.
- The next page (marked 16 of 16) shows the year to date expenses by department. At the end of July, the operating departments (without Debt Service) were 2.17% or \$465k (annualized) below budget. (See the next page for calculation). As I mentioned above, I believe that timing is masking the true figure in that many large expense occur during the summer season and their impact will lessen as we pass through the rest of the year. Only a few

departments were above the 67% target level and will be discussed below.

- On page 1 (of 16), Selectmen's pay (additional \$125 per member error – to be corrected) and the Town Manager's supplies account, \$5,800 relating to the cost of the TM search were discussed earlier.
- On page 2 (of 16), as predicted earlier, the overall percentage impact of "once a year" costs in the Finance Department and the Tax Collector's Office has lessened as the months go by. Both are now below to the 67% target.
- On page 3 (of 16), the overage in MIS is due to the budget not reflecting the "actual" costs of running and maintaining a town wide computer network. This is being addressed in the 2008 budget cycle.
- On page 4 (of 16), the Town Office's maintenance line is now in line with the budget. However, only minimal and emergency conditions are being addressed at this time.
- On page 5 (of 16), the parking administration is running over budget but the calculation is skewed by the (short) seasonality of the department. It is also important to remember that this department is also a major contributor to the Town's revenue stream (see above).
- On pages 6 & 7 (of 16) the Police Department in total is well within its budget. However, the summer season is in full swing and so the spike in related seasonal expenses is being felt. The overage in the Mounted Patrol Expenses was discussed in prior month's reports.
- On pages 8 & 9 (of 16) the Fire Department is 1.4% over budget (68.05% actual vs. 66.67% target) in total with two areas, Fire Suppression OT and Vehicle Maintenance, showing the restricting effect of a default budget in a time of high demand. The department is contractually required to fill the shifts of members out on sick, W/C or vacation leave. The maintenance account is now being impacted by an aging pumper fleet which has not been replaced in a timely fashion as recommended in the CIP.
- On pages 10 - 11 (of 16), Public Works - Highways & Streets is now running at budgeted levels. The summer projects (paving, etc.) being completed erased the department's positive percentage differential. This is once again, an effect of timing.

- On page 12 (of 16), the sub-total for Transfer Station and the total for the Solid Waste Disposal are both over budget due to the booking of the grant and April Storm costs. At year end, the auditors will “increase” the budget in an amount equal to the money (to be) received from FEMA covering these expenditures.
- Welfare, page 13 (of 16), continues to experience high demand for services that this department has been experiencing since last fall. The “rent” expense line will start to climb again once the winter rentals begin at the beach.
- On page 15 (of 16), it should be noted that the debt service payments are not level throughout the year, each loan having its own specific payment date. In July, **\$5.4M in TANs** were paid off along with its associated **Tan interest expense of \$42k** (the default budget is \$10k). This cycle can be expected to repeat until the 2<sup>nd</sup> tax bills go out and are paid later in the year.
- On the same page, at the bottom, \$452k of the 2006 encumbered POs still remain but less than 30% of those dollars relate to operating expenses. Of the open Warrant Article commitments, the Woodland Road Property Purchase has \$245k remaining to be spent.
- With regards to the revolving accounts (Funds 024 - 027), the income shown for the EMS fund (027) only reflects seven months vs. eight months of expenses. Comstar’s reports (the basis of the figures) run a month behind on average.