

Date: October 5, 2007

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

From: Mike Schwotzer

Subject: September '07 Income / Expense Statements / Revolvers

Attached is a copy of the Income and Expense Statements for the month ending September 30, 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 missed budget for the first time in six months. The difference is less than \$25k or an average of 2 days registrations. This account is tracked closely because it provides over 40% of the Town's total income budget.
- On (Income) page 2, State of NH Shared Revenue was received at \$72k, or 10% higher than budgeted. At the tax rate setting, the final figures for State income will be supplied by the DRA and I will include them in October's report.
- On (Income) page 3, the parking lot revenues (thru 9/30) are shown at gross and the effect of the 20% allocation is shown (but not booked). Between cash deposited in October, and being open for one more concert, there should be an additional \$2k booked for a net year end total of \$290k. Compared to year end 2006, the revenues will be ahead by \$19k or 7%. The aggressive '07 budget, an increase of \$50k over last year (\$320k in total), will not be achieved.
- On the same page, the YTD total Revenues are only 63% of budget. The additional State funds, the 4th qtr. M.V. registrations and the R.E. Trust money equals over \$2.1M of the \$2.4M needed to meet the income budget. Therefore, I still believe that the year-end total will be in the 98% range.
- The next page (marked 16 of 16) shows the year to date expenses by department. At the end of September, the operating departments

(without Debt Service) were 5.5% or \$1.1M (annualized) below budget. I have revised my calculations (see next page) to remove the effect of money spent on “Grants” (the majority being FEMA money). I do not believe that this high level will be sustained. I will be continually monitoring this during the last quarter and especially the final weeks of the year.

- On pages 1 through 15, if departments / groups are below the 75% level and don't have any major issues, comments on those pages will be skipped.
- 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 along with a plan for periodic PC and server replacement.
- On page 5 (of 16), the parking administration is running at 99.9% of budget but its short season is almost complete. 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 in spite of the summer season along with its seasonal expense spike having occurred. The overage in the Mounted Patrol Expenses was discussed in prior month's reports.
- On pages 8 & 9 (of 16) the Fire Department is 1.25% over budget (76.5% actual vs. 75.0% target) in total with two areas, OT and Vehicle Maintenance, continuing to be noteworthy.
- 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. If these costs were not used in the percentage calculation, the total line would read 70.6% vs. the 93.6% shown. 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 interest expense of \$42k (the default budget is \$10k). Since July, the Treasurer has not needed to borrow additional monies. She does expect to start drawing in mid-October which is more than a month later than 2006.

- On the same page, at the bottom, \$438k of the 2006 encumbered POs still remains open. Of this, open Warrant Article account for \$322k, \$48k for engineering (non-FEMA covered expenses), \$22k in the PD (all POs are active) and \$46k in other, the majority being issued by PW. These are being re-reviewed and most should be liquidated in October.
- With regards to the revolving accounts (Funds 024 - 027), the income shown for the EMS fund (027) only reflects seven plus months vs. nine months of expenses. Comstar's reports (the basis of the figures) run a month behind on average. Additionally, billings have been hampered by a lengthy loss of the internet connection (now fixed with a new phone line) by the FD.