

**TOWN OF EPSOM
BOARD OF SELECTMEN MEETING MINUTES
October 24, 2019 AT 8:00 AM**

Virginia Drew
Hugh Curley
Cheryl Gilpatrick

Approved: **Cheryl / Virginia**
Vote: 2 – 0 in favor.

Staff Present: Nancy Wheeler, Dawn Calley-Murdough

Other Attendees: Linda Hogdon

Virginia called the meeting to order at 8:08 am.

Discussion:

Tax Rate Setting: Nancy provided the board with the proposed 2019 tax rate from the NH Department of Revenue Administration, and reviewed the municipal valuation and how the town, county, local school, and state school tax rates were established. Review included the higher revenue because of the recently received Municipal Aid, of approximately \$45,000.00, and the additional adjustments of the Veteran War Service Tax Credits and proposed Overlay amount.

Nancy answered the purpose of the overlay is to refund any collected property taxes due to changes in property values when taxpayers file for an abatement. Nancy stated the town is required to collect and distribute the funds for the County, local school, and state school property taxes.

Discussion took place about the fund balance and the recommended retention amount. The fund balance is to provide the town with enough available cash to make payment to the school and county when needed. This will also help the town if there happens to be a financial emergency or natural disaster. The State of NH recommends a retention amount between 5%, at the lowest amount, and 17%, at the highest amount. Nancy stated the town currently has approximately 16.54%, but not all that amount is available cash.

The history of tax rates was reviewed and Nancy reminded the board how using funds from the fund balance could lower the tax rate. Discussion took place about the different type of revenues, including the Land Use Change Tax amount.

Virginia stated she did not want to use any fund balance, as it has been done so much, it has changed what the real taxes would have been. She might be willing to consider an amount that would make the town tax rate the same as 2018.

Nancy stated the board also needs to consider what possible warrant articles in 2020 would be paid for from the fund balance in 2020.

Hugh stated he would consider decreasing the tax rate a minor amount, but he has concerns about passing a 2020 budget.

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Cheryl stated due to the overall total tax rate she would like to lower it and felt more money should be used.

All board members agreed with the desire to lower the overall tax rate, however there is so much of the tax rate that is out of their control; the county tax rate and school tax rates, which increased much more than the town.

Discussion took place about how using the fund balance in one year could lower that years tax rate, but it can then make the tax rate appeal inflated in future years, with much larger increases, even when the town budget did not have any significant changes. It was stated the town should not get into the habit of reducing the town tax rate to offset the school tax rate, as it could be misleading. Discussion also took place about how and when the fund balance could be used, what steps the board must take, and the ability to have a contingency fund for emergencies. Nancy stated she would ask the board to increase the amount they request for the contingency, especially where there are two employees retiring and payouts will be required, which could have a significant impact if the town receives another default budget. Otherwise the board will need to ask the state for a special town meeting if the budget needs to be over expended.

Motion by: Hugh to approve the use of \$10,000.00 from the fund balance to offset tax rate for 2019. **Second by:** Cheryl. **Vote:** 3 – 0 in favor.

Adjourn the Meeting

8:47 AM Motion by: Cheryl to adjourn the meeting. **Second by:** Hugh. **Vote:** 3 – 0 in favor.

Respectfully Submitted,

Dawn Calley-Murdough