GRAFTON COUNTY COMMISSIONERS'
PUBLIC HEARING ON PROPOSED FY26 BUDGET
Administration Building
North Haverhill, NH 03774
May 20th, 2025

PRESENT: see attached sign-in sheet

6:00 pm Commissioner McLeod opened the public hearing.

Commissioner McLeod reviewed the following PowerPoint presentation (* see attached)

Public Comments:

Rep. Bjelobrk stated that the farm is budgeted to be a projected loss. Commissioner McLeod noted that they have projected a loss the last few years, but it does not always turn out that way. She asked Farm Manager Libby to speak about the budgeted deficit. FM Libby stated that it was correct, they have a budgeted loss going into the budget. He explained that they try to make as much money as they can, noting that farming is predicated on weather and good luck. He stated that through ten (10) months this year, they are in the black and are working hard to finish the year strong. Commissioner McLeod said they brought a business manager on to work on that projected deficit in the budget. CA Libby stated that the budgeted deficit for this current year is larger than the budgeted deficit for next year. They budget as realistically as possible, but they are doing their best to raise additional revenues and hold expenses as tight as possible.

Commissioner McLeod noted that FM Libby has made changes at the farm that have made a difference. FM Libby stated that the Board of Commissioners asked him to make sure he is managing expenses and revenues better, which has been done. He was also asked to look at how they treat the animals as well. They are working to get the animals outside more and noted that the calves are not chained up inside the calf barn. They have also made improvements to the piggery. Now, the challenge will be to increase revenue opportunities through their produce and to be able to sell surplus feed crops that they produce. Register Monahan asked if the revenue from the timber cut was included in this budget. CA Libby stated the timber cut happens every 5-7 years, and the last cut is in this year's revenue.

Rep. Franz asked about the surplus, which is the most significant source of the increase in the amount to be raised by taxes. CA Libby stated that they used $4,739,000 in surplus this fiscal year to reduce taxes, and they are budgeting to use $2,250,000 next year, which is a 52% decrease.

Register Monahan stated that she wanted to put that in layman's terms. From her perspective, Commissioners Lauer, Ahern, and Piper made it the piggy bank for four (4) years to make it a good-looking budget for their elections and constituents, with no increases. They were warned that they would pay for this in the end. She stated that between the windfall of ARPA, spending like drunken sailors to influence friends, and then the knee-jerk final pull of the $5 million for broadband, they are broke, and it is catching up to us at the same time.

Rep. Bjelobrk noted that expenses, minus revenue at the Nursing Home, show a $3 million deficit. CA Libby stated that the County loses a tremendous amount of money daily on its Medicaid population. The Nursing Home does not get reimbursed for the cost of doing business. Nursing Home Administrator Labore stated that they receive a $247.53 per day reimbursement rate for NH Medicaid, but the true cost is over $500 per day. He stated that 67% of their census is NH Medicaid.

6:22 pm, with no further business, the public hearing was adjourned.

Respectfully Submitted,

Katie Wood Hedberg, Clerk

Proposed FY26 Budget Public Hearing
May 20th, 2025

Sign In Sheet ~ PLEASE PRINT

1 Omer C. Ahern Jr.
2 Linda [illegible]
3 Marie Bjelobrk
4 Heather Bryant
5 Donna Lee
6 Karen Clough
7 [illegible]
8 Craig J. Labore
9 Nicole Mitchell
10 Jim Oakes
11 Glenn Libby
12 Kelley Monahan
13 Michael Cryans
14 Sam Norcross
15 Julie Libby
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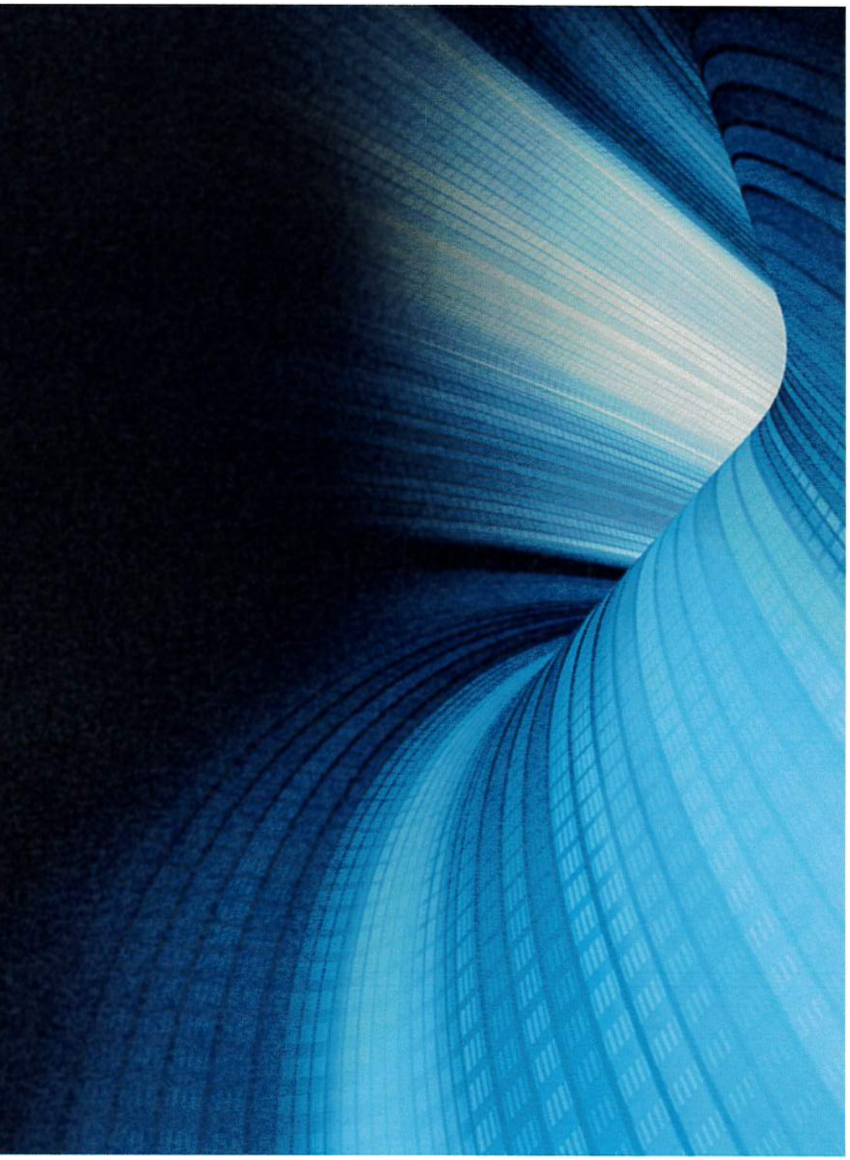
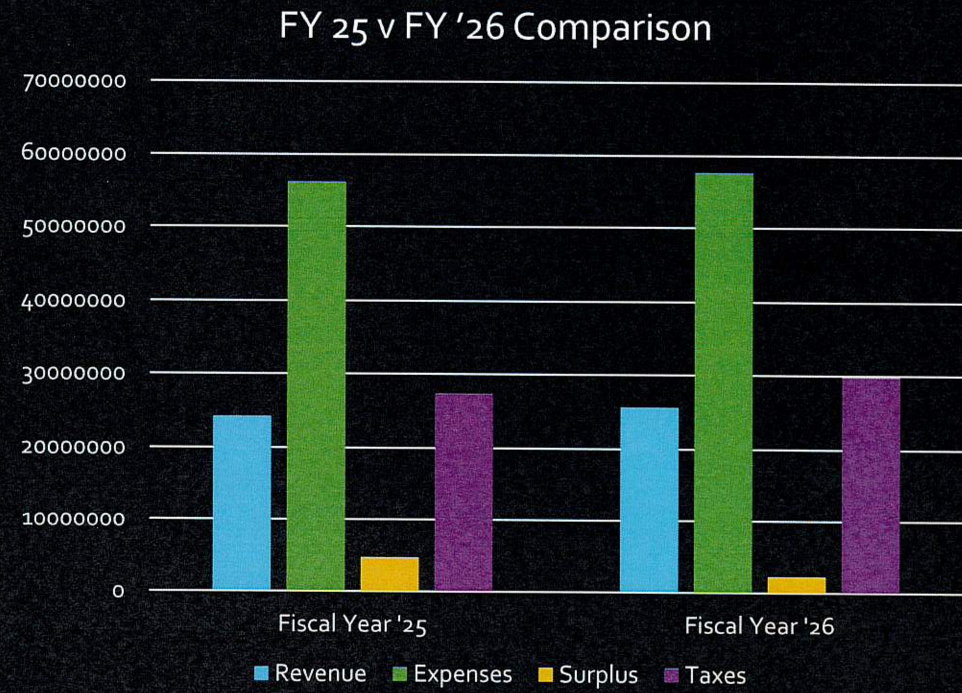
Fiscal Year 2026

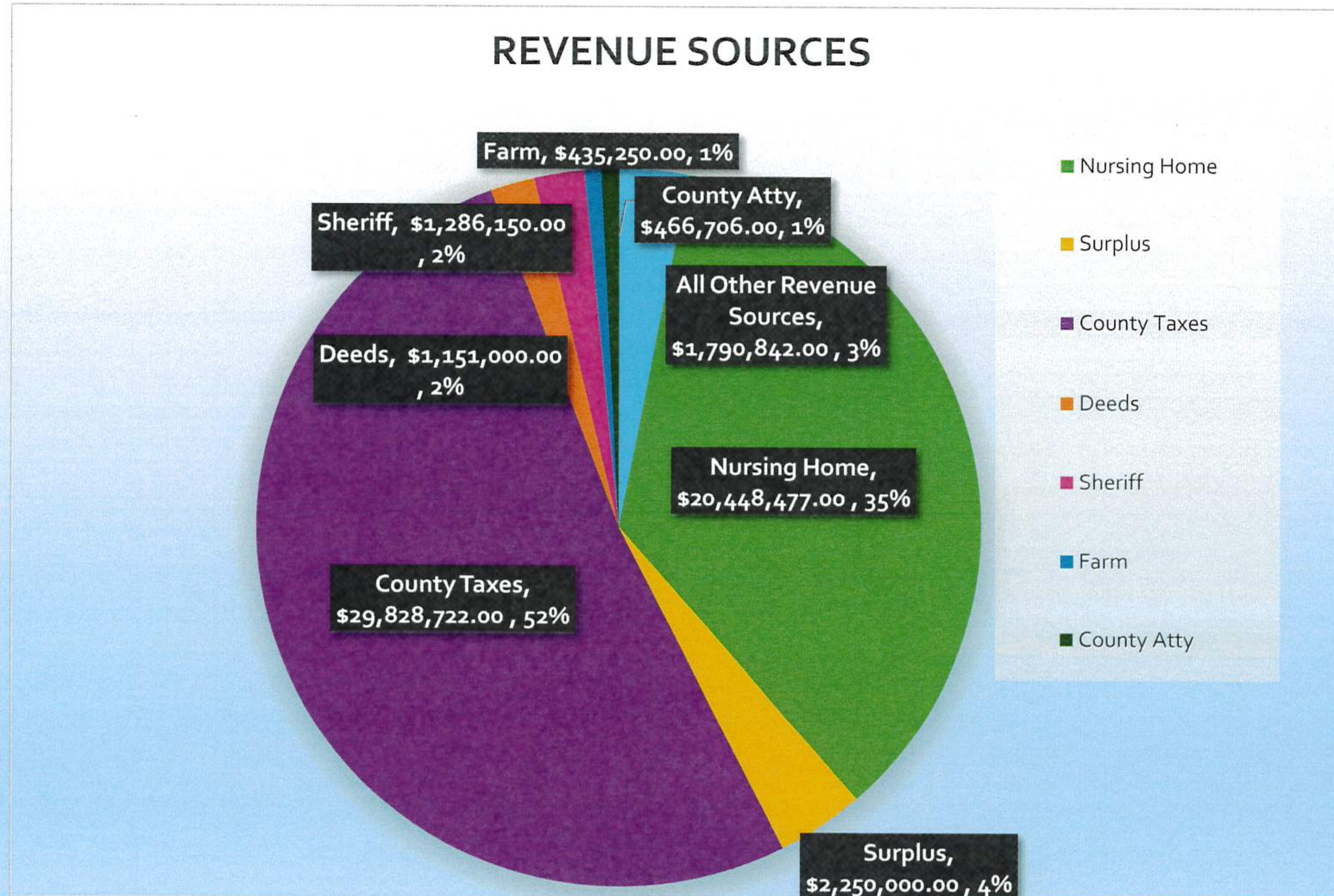
COMMISSIONERS' PROPOSED BUDGET



Fiscal Year '26
Budget Summary

- ❑ Revenue increased – 5.91
- ❑ Surplus Used decreased – 52.52%
- ❑ Expenses increased – 2.55%
- ❑ County Taxes increased – 9.14%




REVENUE SOURCES
Farm, $435,250.00, 1%
County Atty, $466,706.00, 1%
Sheriff, $1,286,150.00 , 2%
All Other Revenue Sources, $1,790,842.00 , 3%
Deeds, $1,151,000.00 , 2%
Nursing Home, $20,448,477.00 , 35%
County Taxes, $29,828,722.00 , 52%
Surplus, $2,250,000.00 , 4%
Nursing Home
Surplus
County Taxes
Deeds
Sheriff
Farm
County Atty

Revenue Highlights

- **<u>Amount of Surplus Used to Reduce Taxes</u>** —

  The most significant contributing factor to the tax increase in fiscal year 2026 is a reduction in the fund balance used to offset taxes by $2,489,294 to $2,250,000. The reduction in the "surplus" used to reduce taxes accounts for 9.11% of the 9.14% increase. There are several reasons for this reduction. Over the past several years, decisions have been made to use a higher surplus in order to have no increase or slight decreases in the amount to be raised by taxes. While that worked well in those years, it has set the stage for what we are now experiencing. The past two (2) fiscal years, the overall fund balance position has decreased as expenses have exceeded revenues. Additionally, the County used $5,000,0000 in surplus for the Broadband Middle Mile project. As a result of these factors, the county's overall fund balance reduction leaves less available to offset taxes. The County has a fund balance policy, and the $2,250,000 budgeted will put the unassigned fund balance at the minimum end of the policy range for the second year.

Revenue Highlights(continued)

Revenue has increased ~ 5.91%

Revenue Increases:

- **Nursing Home –** The largest increase in projected revenue is from the nursing home. With increased staffing levels, we have increased the nursing home's census. The nursing home is using a projected census of 124 compared to 116 in FY '25. This has resulted in a substantial increase in revenue. The revenue will increase by $1,451,798.

- **Register of Deeds** – Revenue projections have increased by $64,500. Per Register Monahan, "Grafton County is a prime location for living, working, and recreating. With the expansion of internet service availability, there is no stopping growth and further development. As land comes out of current use and is considered for development, we see increases in revenue in recording fees and copy fees. As land changes hands, we will continue to see growth of our four percent share of the Real Estate Transfer Tax. The most critical service that a concerned and dedicated citizen can provide is to step up to local planning boards and zoning boards of adjustments in order to continue to keep Grafton County developing with local control, oversight, and lawful decision-making on new projects.

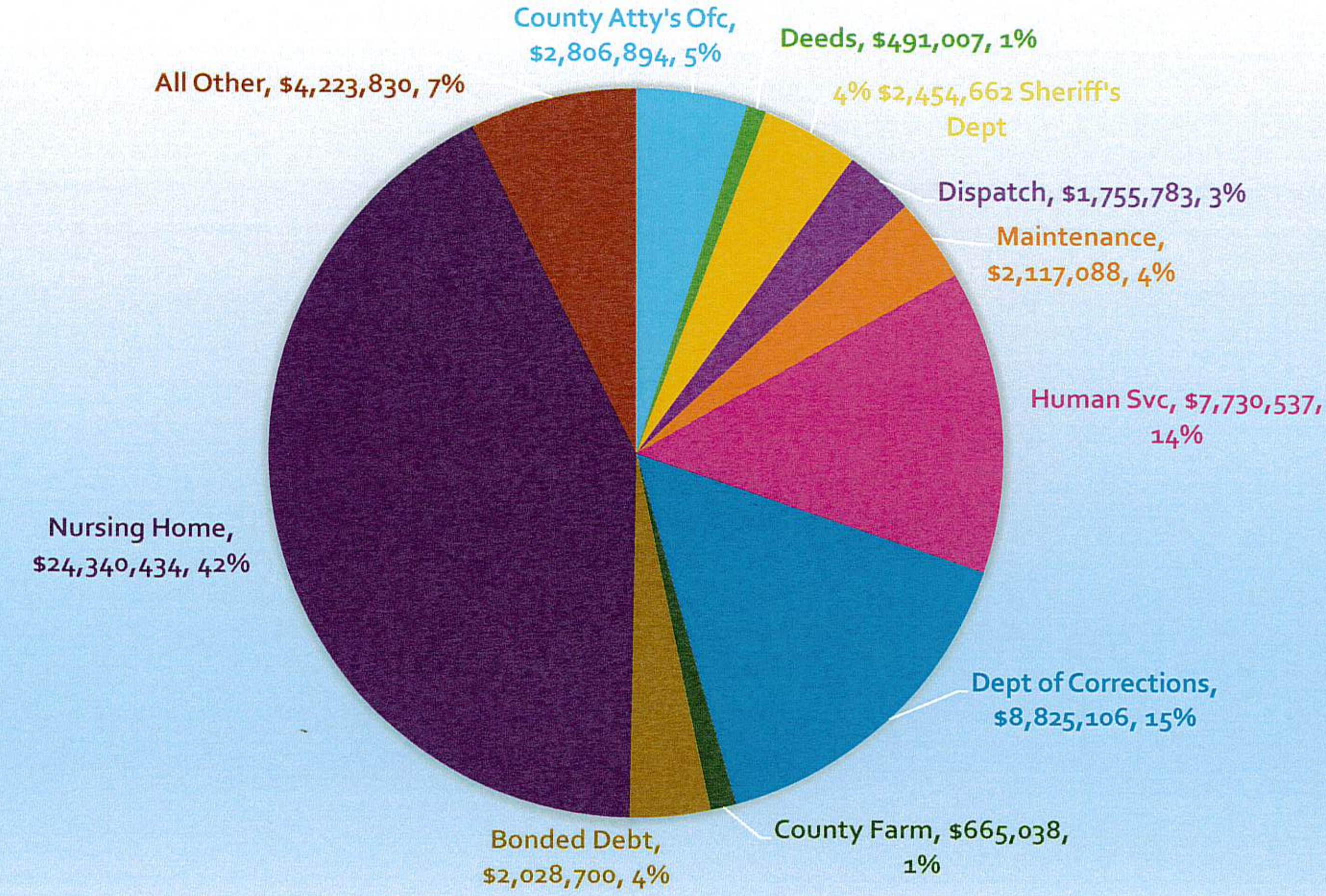
- **Farm**—_The farm's revenue is projected to increase slightly due to an anticipated increase in the sale of milk and Livestock.

Revenue Highlights (continued)

Departments reflecting decreased revenue projections:

- **Sheriff's Department** shows a decrease of $66,133 – the revenue decrease is primarily due to the elimination of the Drug Task Force funding in the State of NH budget.
- **Interest Income -** There is a significant reduction in the projected revenue from interest income in FY '26. Interest rates on investments have decreased slightly and the county has less funds available to be invested due to having funds tied up in a cash secured letter of credit for the Broadband project as well as having to borrow Tax Anticipation Notes. In FY '25 we will have a shortfall in our revenue projections by an estimated $150,000. Therefore, we are budgeting to decrease interest income to $275,000 in FY '26.
- **Department of Corrections and Alternative Sentencing**—The County receives Bureau of Drug and Alcohol Services (BDAS) funding from the State of NH DHHS. The funds are used for substance use disorder treatment. Funding for FY '26 has decreased, resulting in a decrease for the DoC and a slight increase for Alternative Sentencing. The funding is distributed based on a percentage of the expense budget for both programs.

EXPENSE BREAKDOWN



Expenditure Highlights

- This year, the Commissioners have agreed to a 2% cost-of-living adjustment for all employees not covered by a Collective Bargaining Agreement. Negotiations continue with the United Electrical Workers (UE Local 278), which represents employees at the nursing home, and the Teamsters Local 633, which now represents employees in the Sheriff's Department and Dispatch Center.

- Health Insurance costs continue to be a significant expense for the County. This year, health insurance rates will increase an average of 6.8% over the fiscal year 2025 costs.

- Other than the salary and benefit line-item increases, the fiscal year 2026 budget is essentially level-funded from fiscal year 2025 levels. Staffing levels have recovered significantly during the past eighteen (18) months, and the County is continuously working to identify ways to help recruit and retain employees. While it is essential to attract new employees, it is just as important to retain the valuable employees that we currently have. These factors are always considered as we make decisions regarding salaries and benefits.

- Several departments requested to add staff; however, due to the significant challenges faced by the shortfall in fund balance, the Commissioners decided to fund only existing positions for the fiscal year 2026 budget.

- Many capital requests were also deferred or funded through other resources and were not included in the fiscal year 2026 budget.

Expenditure Highlights (Continued)

- The County Cap is paid to the State of NH for Long Term Care expenses and Home and Community Based Services. The total Cap for all ten (10) counties is set by state statute. The Legislature is still in the process of developing the budget for the State of NH for FY 2026 and 2027. The House version of the budget contains a 3% increase in each year of the biennium to the county cap, which violates the existing law. RSA 167:18-a sets the cap at a 2% maximum increase per biennium. Also, included in the House version of the budget is HB 547, which would issue a credit over four (4) years to the county for funds not reimbursed adequately to the counties during the COVID pandemic. All of that being said, the Senate is currently working on the budget, and for purposes of the Commissioners' Proposed budget, they have opted to include a 2% increase per biennium and the credit from HB 547. As the budget for the State develops further, the Executive Committee or Delegation may need to adjust the budget to reflect changes made at the State level. Based on the above information, Grafton County's projected cap is $7,730,537. This is a mandated expense that the county must statutorily pay.
- Each year, Grafton County provides approximately $500,000 in funding to social service agencies throughout the county. This year, the Commissioners are using a different funding approach. The agencies were grouped by the services provided. Then, a standard funding allotment was given to each agency within that category, except the Grafton County Senior Citizens Council, which is the only agency that provides services throughout the county. Agencies were funded based on the Grafton County Commissioners' policy regarding Social Service Funding, which restricts applications to services for Grafton County residents only. The funds are providing services that can support the key goals: 1) Assist elderly, disabled, and frail adults to remain living independently, 2) Reduce entry or recidivism to the Department of Corrections

The Executive Committee of the Delegation – will meet on 6/2, 6/6, 6/9, and 6/13 to deliberate and make their final recommendations, and the full Delegation will meet on June 23, 2025, at 9:00 AM to vote on the FY 2026 Grafton County Budget. For more information regarding these meetings please visit www.co.grafton.nh.us.

We would like to take this opportunity to publicly thank our elected officials, department heads and all of our employees for all of their hard work during the past year. You continue to provide outstanding services to the citizens of Grafton County. You have all done an amazing job!

Grafton County is dedicated to maintaining a high level of professionalism, safety and care throughout all departments while continuing to be conscious of our obligations to provide services and to be respectful of the impact on taxpayers.

Thank You