TOWN OF EXETER
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TO: SELECT BOARD & PAUL COHEN, TOWN MANAGER
FROM: COREY STEVENS, FINANCE DIRECTOR
SUBJECT: BUDGET VS ACTUAL RESULTS AT 06/30/26, COMPARED TO 6/30/25
DATE: JULY 27, 2026

The following are results of operations for the General Fund, Water and Sewer Enterprise Funds for the first six months of 2026, with a comparison to 2025. I will be attending your meeting this evening to address any questions.

Mid-Year Highlights

- The financial audit for FY2025 is nearing completion. General Fund unassigned fund balance is projected to be \$6.58M, an increase of \$590K over FY2025. Water and Sewer Fund reserves are projected to be \$3.69M and \$6.4M respectively.
- Last week the Town received a refundable clean energy credit of \$1.35M related to the Cross Road Solar Array Project. The funds will be used to offset annual debt service payments on the project.

General Fund

General Fund Revenue

- **Property Tax Revenue:** Property tax invoices totaling \$34.5M were issued in May of this year (due July 1st). \$8.2M, or 23.9% of this amount is allocated to the Town's General Fund, with the balance allocated to local and state education and the county. As of July 15th, 96% of the May billings were collected with \$1.5M outstanding.
- **Motor Vehicle Permit Fees:** \$1.76M collected, or 48% of the 2026 budget is slightly less than mid-year 2025, but consistent as a percentage.
- **Building & Permit Fees:** The Building department collected \$287K in permit fees as of June 30th. Collections are running ahead of budget projections for the year at 82%. The department issued 522 permits as of 6/30/26, compared to 533 at 6/30/25.
- **Meals and Rooms Tax Revenue**: The annual meals & rooms allocation from the state is remitted to the Town once annually in December.
- **Income from Departments**: \$523K collected in department revenue at mid-year, representing 38% of the annual budget, and an increase of \$29K over the prior year. Income from Waste & Refuse charges increased \$76K, but this increase was partially offset by a decrease of \$47K in income for all other departments.
- **Interest Income**: \$464K generated in interest income from idle General Fund cash, representing 77% of the annual budget at mid-year. With interest rates continuing to hover around 4%, the Town is likely to exceed budget projections at year-end.

- **Transfers In**: Income generated from the Cross Road Solar Array will be transferred into the General Fund at year-end to offset debt service payments on the project. Solar array revenue totaled $127K at mid-year.

General Fund Expenses

- **Labor Costs**: The total budget for General Fund labor costs (wages, taxes, benefits) in 2026 is $17.8M. As of June 30th, $7.7M or 43%, had been spent, which equates to spending below budget of $600K. Vacant positions and staff turnover during the first half of the year contribute in large part to these results. Below is a summary of notable departmental budget v. actual results:
  - Town Manager – position vacant through mid-May during hiring process.
  - Planning – department returned to full staffing in late March.
  - Public Works – open positions in the Maintenance and Highway divisions, and two open engineering positions in DPW Administration.
  - Police – open positions in all three divisions (Staff, Patrol and Dispatch), as well as turnover in Administration due to retirement of the Police Chief.

- **Utility Costs:** While the increase in General Fund electricity costs has been significant, the increase in natural gas has been more moderate during the first 6 months of the year:
  - Electricity – 6/30/26: $107.8K 6/30/25: $80.4K - an increase of $28K.
  - Natural Gas – 6/30/26: $42K 6/30/25: $40K - an increase of $2K.

- **Snow & Ice Costs:** Storm fighting costs of $466K far exceeded the annual budget of $289K as of 6/30. Frequent storm activity this past winter, along with labor challenges and the need to employ outside contractors quickly led to these results. The snow and ice deficit fund (current balance $268K) will be drawn upon at some point this year.

- **Debt Service:** The majority of Exeter's annual debt service payments are made during the month of July. 2026 will include the first-year payment on the new Public Safety Complex currently under construction.

Total General Fund Operating Expenses as of June 30, 2026, were $11.7M, representing 43% of the 2026 budget. On a percentage basis, these results were directly in-line with 2025 mid-year results.

Water Fund

Water Fund Revenue

- Water revenue as a percentage of the annual budget for the six months of 2026 was consistent with results from the prior year. Water consumption and meter rates are set to increase for the first time in two years with the October billings.

Water Fund Expenses

- **Labor Costs:** Salary and wage costs in the Fund were generally in line with budget expectations for the first six months of 2026. Water did continue to have vacant full-time positions through June 30th, however the savings generated were offset by payments to part-time staff who continue to assist with running the water plant. The open positions generated benefits and retirement cost savings of approximately $70K during the period.

- **General Expenses:** Operating costs in the Distribution and Treatment divisions were in line with budget expectation at mid-year. Several budget lines pertaining to maintenance and supplies were encumbered in excess of 50%, however these were offset by other lines spent below budget expectation as of June 30th.
- **Debt Service:** Most of the Fund's debt service payments are made after the mid-year mark.
- **Capital Outlay:** Several projects were underway as of June 30th. However, replacement of the water main pipe under the bridge on Kingston Road (budget $141K), had not commenced.
- **Net Income:** $236K as of June 30th.

Sewer Fund

Sewer Fund Revenue

- Sewer revenue as a percentage of the annual budget for the six months of 2026 was consistent with results from the prior year. The town will receive its State Aid Grant ($1.03M) from the State of New Hampshire in December. This grant helps offset debt service costs on the wastewater treatment plant each year. Sewer meter rates are set to increase for the first time in two years with the October billings.

Sewer Fund Expenses

- **Labor Costs:** Salary and wage costs in the Fund were generally in line with budget expectations for the first six months of 2026. Sewer did continue to have vacant full-time positions through June 30th, however the savings generated were offset by payments to outside contractors and part-time staff who continue to assist with running the sewer plant. The open positions generated benefits and retirement cost savings of approximately $66K during the period.
- **General Expenses:** Operating costs in Administration typically run ahead of budget expectations at mid-year due to the timing of insurance premium payments. Electricity costs allocated to the Collections division are notably high at mid-year and are being reviewed. Costs for sewer treatment are running at or below budget expectation as of June 30th.
- **Debt Service:** Most of the Fund's debt service payments are made after the mid-year mark including payment on the treatment plant of $3.3M in December.
- **Net Income:** $1.2MK as of June 30th. The large surplus is due to the fact that debt service costs (56% of the budget) are not paid until later in the year.

Town of Exeter
General Fund Misc. Operating Revenue
As of June 30, 2026 and 2025

	2026 Budget v. Actual				2025 Budget v. Actual			
General Fund Revenue	2026 Budget	Actual as of 06/30/26	Remaining Budget	% of Budget Collected	2025 Budget	Actual as of 06/30/25	Remaining Budget	% of Budget Collected
Motor Vehicle Permit Fees	$ 3,650,000	$ 1,759,314	$ (1,890,686)	48%	$ 3,500,000	$ 1,798,636	$ (1,701,364)	51%
Building Permits & Fees	$ 350,000	$ 287,638	$ 62,362	82%	$ 350,000	$ 500,987	$ (150,987)	143%
Other Permits and Fees	$ 140,450	$ 74,157	$ 66,293	53%	$ 148,925	$ 77,749	$ 71,176	52%
Meals & Rooms Tax Revenue	$ 1,600,000	$ -	$ 1,600,000		$ 1,600,000	$ -	$ 1,600,000	
State Highway Block Grant	$ 325,000	$ 132,324	$ 192,676	41%	$ 310,000	$ 128,570	$ 181,430	41%
Other State Grants/Reimbursments	$ 13,500	$ 8,530	$ 4,970	63%	$ 25,000	$ 2,325	$ 22,675	9%
Income from Departments	$ 1,393,090	$ 522,871	$ 870,219	38%	$ 1,095,280	$ 493,709	$ 601,571	45%
Sale of Town Property	$ -	$ 100	$ (100)		$ 1,000	$ 170	$ 830	17%
Interest Income	$ 600,000	$ 464,093	$ 135,907	77%	$ 450,000	$ 295,427	$ 154,573	66%
Rental & Misc Revenues	$ 16,600	$ 7,042	$ 9,558	42%	$ 41,600	$ 7,530	$ 34,070	18%
Revenue Transfers In	$ 301,000	$ 4,300	$ 296,700	1%	$ 277,698	$ -	$ 277,698	
Total Misc. Operating Revenue	$ 8,389,640	$ 3,260,370	$ 1,347,899	39%	$ 8,936,383	$ 3,305,103	$ 456,031	37%

Town of Exeter

General Fund Operating Expenses

As of June 30, 2026 and 2025

	2026 Budget v. Actual				2025 Budget v. Actual			
Expenses - by Group	**2026 Budget**	**Actual as of 06/30/26**	**Remaining Budget**	**% Spent**	**2025 Budget**	**Actual as of 06/30/25**	**Remaining Budget**	**% Spent**
General Government	$ 1,480,952	$ 742,072	$ 738,880	50%	$ 1,409,265	$ 710,541	$ 698,724	50%
Finance	$ 1,228,802	$ 585,453	$ 643,349	48%	$ 1,260,085	$ 596,711	$ 663,374	47%
Planning & Building	$ 829,549	$ 349,572	$ 479,977	42%	$ 791,985	$ 364,815	$ 427,170	46%
Police	$ 5,152,733	$ 2,107,886	$ 3,044,847	41%	$ 4,837,620	$ 2,128,836	$ 2,708,784	44%
Fire	$ 4,818,608	$ 2,140,878	$ 2,677,730	44%	$ 4,584,575	$ 2,021,976	$ 2,562,599	44%
Public Works	$ 6,552,081	$ 2,927,684	$ 3,624,397	45%	$ 6,277,827	$ 2,374,805	$ 3,903,022	38%
Welfare	$ 197,340	$ 107,927	$ 89,413	55%	$ 177,758	$ 85,043	$ 92,715	48%
Human Services	$ 101,125	$ 101,125	$ -	100%	$ 100,000	$ 100,000	$ -	100%
Parks & Recreation	$ 866,502	$ 424,086	$ 442,416	49%	$ 763,226	$ 374,275	$ 388,951	49%
Other Culture/Recreation	$ 39,000	$ 23,997	$ 15,003	62%	$ 36,500	$ 9,447	$ 27,053	26%
Library	$ 1,335,579	$ 612,921	$ 722,658	46%	$ 1,281,634	$ 740,062	$ 541,572	58%
Debt Service	$ 3,565,370	$ 716,854	$ 2,848,516	20%	$ 1,948,573	$ 278,054	$ 1,670,519	14%
Capital Outlay & Leases	$ 408,130	$ 239,276	$ 168,854	59%	$ 354,584	$ 265,300	$ 89,284	75%
Payroll Benefits & Taxes	$ 749,582	$ 587,919	$ 161,663	78%	$ 632,693	$ 528,896	$ 103,797	84%
Total General Fund Operating Expenses	$ 27,325,352	$ 11,667,651	$ 15,657,701	43%	$ 24,456,325	$ 10,578,761	$ 13,877,564	43%

Town of Exeter
Water Fund Operations
As of June 30, 2026 and 2025

	2026 Budget v. Actual				2025 Budget v. Actual			
	2026 Budget	Actual as of 06/30/26	Remaining Budget	% of Budget Collected	2025 Budget	Actual as of 06/30/25	Remaining Budget	% of Budget Collected
Water Fund Revenue	$ 4,696,505	$ 2,354,410	$ 2,342,095	50%	$ 4,635,000	$ 2,326,174	$ 2,308,826	50%
<u>Operating Expenses</u>				% Spent				% Spent
Water Administration	$ 601,850	$ 328,435	$ 273,415	55%	$ 599,274	$ 293,860	$ 305,414	49%
Water Billing	$ 238,541	$ 123,329	$ 115,212	52%	$ 224,238	$ 111,388	$ 112,850	50%
Water Distribution	$ 999,520	$ 509,281	$ 490,240	51%	$ 945,346	$ 360,785	$ 584,561	38%
Water Treatment	$ 1,265,575	$ 610,060	$ 655,515	48%	$ 1,166,276	$ 460,260	$ 706,016	39%
Water Fund Debt Service	$ 1,389,084	$ 490,185	$ 898,899	35%	$ 1,427,931	$ 502,066	$ 925,865	35%
Water Fund Capital Outlay	$ 201,935	$ 56,884	$ 145,051	28%	$ 271,935	$ 15,931	$ 256,004	6%
Total Water Fund Operating Expenses	$ 4,696,505	$ 2,118,174	$ 2,578,331	45%	$ 4,635,000	$ 1,744,290	$ 2,890,710	38%

Town of Exeter
Sewer Fund Operations
As of June 30, 2026 and 2025

	2026 Budget v. Actual				2025 Budget v. Actual			
	2026 Budget	Actual as of 06/30/26	Remaining Budget	% of Budget Collected	2025 Budget	Actual as of 06/30/25	Remaining Budget	% of Budget Collected
Sewer Fund Revenue	$ 8,286,840	$ 3,630,599	$ 4,656,241	44%	$ 8,182,152	$ 3,622,021	$ 4,560,131	44%
<u>Operating Expenses</u>				% Spent				% Spent
Sewer Administration	$ 641,008	$ 371,322	$ 269,686	58%	$ 630,909	$ 363,927	$ 266,982	58%
Sewer Billing	$ 234,291	$ 117,563	$ 116,728	50%	$ 220,664	$ 107,718	$ 112,946	49%
Sewer Collection	$ 764,637	$ 336,591	$ 428,047	44%	$ 744,394	$ 239,406	$ 504,988	32%
Sewer Treatment	$ 1,737,633	$ 799,247	$ 938,386	46%	$ 1,722,121	$ 724,894	$ 997,227	42%
Sewer Fund Debt Service	$ 4,660,335	$ 668,232	$ 3,992,103	14%	$ 4,675,128	$ 650,827	$ 4,024,301	14%
Sewer Fund Capital Outlay	$ 248,936	$ 116,872	$ 132,064	47%	$ 188,936	$ 4,108	$ 184,828	2%
Total Sewer Fund Operating Expenses	$ 8,286,840	$ 2,409,827	$ 5,877,013	29%	$ 8,182,152	$ 2,090,880	$ 6,091,272	26%