



Sanbornton
NEW HAMPSHIRE

FISCAL YEAR
2022
(JULY 1, 2021 – JUNE 30, 2022)
BUDGET HEARING
PRESENTATION

APRIL 6, 2021

BUDGET COMMITTEE INTRODUCTION

Budget Committee Introduction

Craig Weisman, Chair

Ray Masse, Vice Chair

Kate Osgood, Member

Ralph Rathjen, Member

Bob Presby, Member

Bob Lambert, Member (Resigned; Promoted to BoS)

Jim Dick, Selectmen's Representative

Audry Barriault, Recording Secretary



GROUND RULES

- Each Person is Limited to 5-Minutes of Initial Comments
- Everyone Will Be Allowed to Testify Before Someone May Testify a Second Time
- Please Keep Comments Focused on the Proposed FY22 Budget
- Chair Reserves the Right to End Redundant or Repetitive Testimony
- Normal Decorum Applies (No Personal Attacks or Profanity)
- Hold Comments Until After this Presentation When We'll Open the Floor



PUBLIC HEARING TOPICS

- Budget Development – A Collaborative Effort
- Early Budget Challenges
- Medical Insurance Budgeting – An Improved Process
- Shifting the Town Roads Budget
- Retirement Costs Moved to Each Department
- Summary of Proposed FY22 Budget



BUDGET DEVELOPMENT - A COLLABORATIVE EFFORT

- Budget Season Began in Aug. 2020 w/Joint Meeting of BC & BoS
 - Seems Like Eons Ago in a COVID World...
- Entire Process Was Extremely Collaborative
 - Any Differences Were Resolved as the Process Evolved
- Department Heads Did Great Work
 - They Were Flexible, Supportive and Understanding of the Challenges



EARLY BUDGET CHALLENGES

- Transfer Station
 - Spend was Trending Well Over Budget
 - At the Time, Usage Increase Estimated to be ~30%
 - More “Home Projects” Due to Residents Being on Lockdown
 - New Casella Contract Raised Costs
 - Also Included 4.5% Annual Increases for Three Years
 - In Response, Bag, Demo and Other Usage Fees Were Raised
 - Uncertain Where This Would Flush Out, But We Expected a Material Budget Impact



EARLY BUDGET CHALLENGES (CONT'D)

- Recreation Department Programs Impacted by COVID
 - Recreation Typically Returns ~50% of it's Budget to the General Fund
 - However, Revenues Earned From it's Programs in CY20 Fell Drastically
 - Only Returned ~5% of it's Budget
 - Impact ~\$50,000
 - When Could Programs Restart Fully?
 - Impact on FY22 Was/Is Uncertain



EARLY BUDGET CHALLENGES (CONT'D)

- FY21 Budget Failed to Appropriate ~\$39,000 for Lease of Hwy Truck #1
 - Simply Missed This Item During the FY21 Budget Process
 - Payment Due in May 2021
 - 2021 Warrant Article #6 Addresses This Missed Payment



EARLY BUDGET CHALLENGES (CONT'D)

- Employee Benefits
 - NH Retirement System Announced Large Increase in Employer Contribution Rates for FY22-23
 - Primary Cause - \$6.04 Billion Unfunded Liability
 - Legislation Enacted in 2018 Requires Elimination of Unfunded Liability by 2039
 - Burden Falls Entirely on Cities & Towns - State of NH is Not Sharing in Retirement Costs at the Local Level
 - Rate Change & FY22 Rate by Retiree Group (Effective July 1, 2021)
 - 10% Increase for Fire Personnel – \$32.99 for Every \$100 of Wages
 - 19% Increase for Police Personnel – \$33.88 for Every \$100 of Wages
 - 26% Increase for Other Town Employees - \$14.06 for Every \$100 of Wages (+\$6.20 of SS Taxes)
 - Aggregate Retirement Budget Increase = \$70,000
 - Retirement Alone Would Account for a 1.7% Increase in the Operating Budget FY22 vs FY21



EARLY BUDGET CHALLENGES (*CONT'D*)

■ Employee Benefits (*cont'd*)

- Oct. 2020 - Medical Insurance Provider HealthTrust Announced Up To a 9% Increase For FY22
 - In the Worse Case, Increase = \$29,000 or .68% of Operating Budget
 - NOTE: In March HealthTrust Updated Their Forecasted Rates to a Firm 6.2% Increase
 - Still 3-4 Times Inflation – But Better Than 9%

■ Employee Compensation

- At Start of Budget Process, BC & BoS Agreed to a 1.4% COLA Increase to the Town's Pay Matrix
 - Increase Based on Data From the Bureau of Labor Statistics for the Northeast
 - COLA Increase Budget Impact ~\$31,000 or .74% of Operating Budget



EARLY BUDGET CHALLENGES - IN SUMMARY

- Before Pencil Was Put to Paper, We Were Faced with These Actual and Potential Budget Impacts:

Description	<u>Estimated</u> Impact
Concern Over Reduced/Less Timely Tax Collections	Unknown
Concern Other Revenues Might Be Less (Auto Registrations, Dogs, Etc.)	Unknown
Rising Transfer Station Usage & Costs; Less Increased User Fees	\$25,000
Recreation Revenues to General Fund Reduced	\$50,000 ¹
Missed FY21 Truck Lease Payment	\$39,000
NH Retirement System Cost Increase	\$70,000
Medical Insurance Increase	\$29,000
COLA Increase to Pay Matrix	\$31,000
Estimated Total Impact <i>(Excl. Unknowns)</i>	\$244,000 Equivalent to 4.3% Budget Incr.



¹ Recreation Is Fully Funded in the Operating Budget So This Reduced Return of Revenues Indirectly Impacts the Budget in That There is Less of a General Fund Balance with Which to Offset FY22 Tax Increases.

EARLY BUDGET CHALLENGES – AND LAST BUT NOT LEAST

- New Tax Rate Was Set by DRA Reflecting an Increase of \$1.52/\$1,000 Valuation
 - Using \$350K of the Unassigned Fund Balance, BoS Softened the Increase to \$.96/\$1,000
 - This Left 14% of Total Operating Cost in the Unassigned Fund Balance
 - Well Within The Generally Accepted Range of 7-17% And,
 - Well Within the BoS Self Imposed Goal of 10%
- With Impacts Noted Earlier and the Uncertainties Being Faced;
 - BC/BoS Set a Goal of No Budget Increase for FY22 (Excluding Building & FD Staffing Proposals)
 - Employee Step Increases Not Budgeted (Note: 1.4% COLA is Included in Budget)
 - This Does Not Affect Step Increases for Qualification Gains Which Are Budgeted For
 - Step Increases For All Would Add \$55,000 More to Budget



MEDICAL INSURANCE BUDGETING – AN IMPROVED PROCESS

- Though Medical Insurance Increase Forecasted Was Substantive...
 - Coverage Being Moved to HealthTrust (July 1, 2020) Greatly Improved Budgeting
 - Aligned Health Insurance Renewals with Our Fiscal Year (Previous Insurance Renewals CY)
 - October 2020, HealthTrust Published Guaranteed Maximum Rates (GMR) for FY22
 - With Periods Aligned, and a Known GMR, Budgeting Was an Easy Mathematical Exercise



SHIFTING THE TOWN ROADS BUDGET

- Road Maintenance Historically Budgeted for in; Account 4909.000 - Improvements Other Than Buildings: Town Roads
 - That Line Item Dropped From \$600,000 to \$1 (Placeholder) for FY22
 - Road Budget Shifted to Capital Reserve Fund (CRF); 4915.800 – Road and Bridge Construction
 - \$600,000 For Roads (Same as Recent Yrs) + \$100,000 for Bridges = \$700,000 Budgeted for FY22
 - Why Move This Budget Line?
 - Over Last 5-Yrs, \$308,000 of Budgeted Road Funds Were Not Spent
 - Unused Funds “Lapse” Each Fiscal Year End and Roll into General Fund
 - Why Were Funds Not Spent?
 - Many Road Projects are Large and Can’t Be Accomplished With Smaller Year End Account Balances
 - Road Project Scheduling Can Make it Difficult to Use 100% of the Appropriated Amount



SHIFTING THE TOWN ROADS BUDGET (CONT'D)

- Advantages of Shifting Road Budget to a CRF Account
 - Funds No Longer Lapse and Will Carry From Year to Year
 - Larger Projects Can Be Planned by Carrying Funds to the Following FY; When it Makes Sense
 - Aligns Better w/Legislative Body's Intent to Spend Appropriate Amount on Roads
 - Prior Method Runs Counter to Road Engineering Study Which Calls For Greater Spending
 - This Gets us One Small Step Closer Without Increasing Appropriations/Taxes



RETIREMENT COSTS MOVED TO EACH DEPARTMENT

- Retirement Historically Aggregated in; 4155.300 Personnel Admin – Retirement
- These Costs Moved to Each Individual Department Commencing FY22
 - Better Reflects Cost of Each Department
 - Library Had Been the Only Department That Included Retirement in it's Department Budget
 - For FY22 Only, Retirement Costs Shown as Separate Line Below Each Department
 - Allows for Year on Year Comparisons Without the Influence of Retirement Cost
 - Next Budget Year Retirement Will be Included in New Account Lines for Each Department

	FY18	FY19	FY20	FY21	Proposed FY22 Budget		
<i>Police Department</i>	Actual Expenditures			Budget	Dept	BoS	Bdgt Cmte
<i>Total Police Department</i>	406,706	434,936	440,331	505,902	521,423	514,543	514,543
					NH Retirement System		
					140,865	138,795	138,795
					FY22 Police Department		
					662,288	653,338	653,338

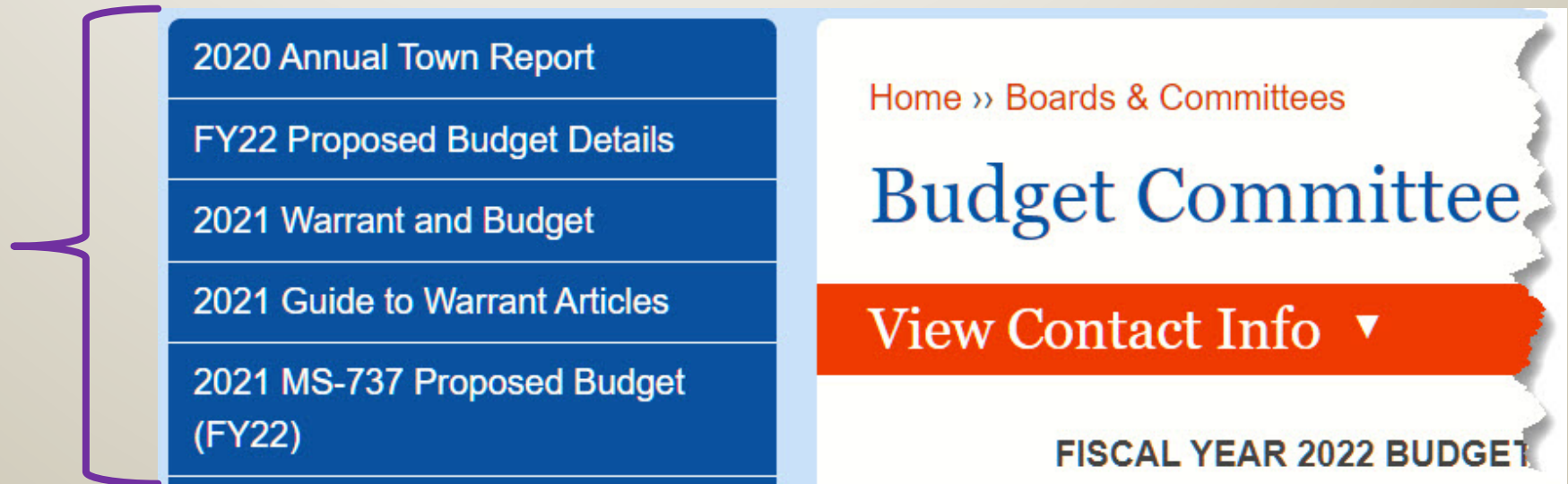
Row Allows For Historical Comparisons



SUMMARY OF PROPOSED FY22 BUDGET

- Before Sharing the Budget Summary – Here is How You Can Access Details
 1. Hardcopy of Annual Town Report (Available at Transfer Station & Town Office)
 2. Budget Committee Webpage -- sanborntonnh.org/budget-committee

“Everything”
Budget



PROPOSED OPERATING BUDGET

- Operating Budget Reduced by (1.6%)

	FY18	FY19	FY20	FY21	Proposed FY22 Budget		
	Actual Expenditures			Budget	Dept	BoS	Bdgt Cmte
Grand Total Operating Budget	3,858,756	3,917,834	3,898,456	4,326,294	4,295,875	4,255,101	4,255,101
					FY22 Budget vs. FY21		(-1.6%)

- BC/BoS Worked Hard Reach This Outcome But...;
 - Not Possible Without the Support and Flexibility of the Department Heads
 - We Thank Them for Their Efforts!



PROPOSED CAPITAL OUTLAY

- Capital Outlay Reduced ~\$776,000 However;
 - FY21 Included One-Time \$175,000 Cost for Life Safety Building Upgrades
 - And, Remember That the Roads Budget of \$600,000 Moved to a CRF

<i>Capital Outlay</i>	FY18	FY19	FY20	FY21	Proposed FY22 Budget		
	Actual Expenditures			Budget	Dept	BoS	Bdgt Cmte
<i>Total Capital Outlay</i>	1,096,541	2,185,208	702,275	924,951	148,654	148,654	148,654
							(776,297)



PROPOSED OPER TRANSFERS TO CAP RESERVE & TRUST FUNDS

- Transfer to Capital Reserve Funds Up \$670,000 However,
 - Primary Change is Shifting of Road Budget to CRF 4915.800

<i>Oper. Transfers - Capital Resrv Fnds</i>	FY18	FY19	FY20	FY21	Proposed FY22 Budget		
	Actual Expenditures			Budget	Dept	BoS	Bdgt Cmte
4915.100 Twn Bldg Imprvmnt & Design	25,000	25,000	25,000	25,000	160,000	160,000	160,000
4915.110 Twn Facilities Maint. & Oper.	40,000	100,000	65,000	90,000	50,000	50,000	50,000
4915.120 Milfoil/Phosp. Reduction	5,000	5,000	5,000	5,000	-	-	-
4915.130 [Old] Twn Hall Rep./Restore	25,000	25,000	-	25,000	-	-	-
4915.300 Fire Truck	70,000	90,041	80,000	80,000	90,000	90,000	90,000
4915.400 Hwy Heavy Equip (& Road Eval)	75,000	-	-	35,000	35,000	35,000	35,000
4915.500 Fire Truck Repair & Refurb	10,000	10,000	10,000	10,000	10,000	10,000	10,000
4915.800 Road & Bridge Reconstruct	100,000	415,000	100,000	150,000	700,000	700,000	700,000
4915.TBD Transfer Station Equip.	-	-	-	-	45,000	45,000	45,000
Total Oper. Transfers - Capital Resrv Fnds	350,000	670,041	285,000	420,000	1,090,000	1,090,000	1,090,000
							670,000
<i>Oper. Transfers - Expndble Trst Fnds</i>	FY18	FY19	FY20	FY21	Proposed FY22 Budget		
	Actual Expenditures			Budget	Dept	BoS	Bdgt Cmte
4916.TBD Employee Severance Benefits	-	-	-	30,000	20,000	20,000	20,000



SUMMARY OF PROPOSED WARRANT ARTICLES

Budget Items Not Yet Reviewed in This Presentation

Warrant Articles Having Appropriations		Proposed FY22 Budget		
Article #	Basic Descriptor (See Text of Article)	Dept	BoS	Bdgt Cmte
Article 1	Build New Town Office; Convert Existing Town Office to Police Department	2,981,152	2,981,152	2,981,152
Article 2	Pre-Payment of NH Water Pollution Control Revolving Fund (ARRA Funds)	52,000	52,000	52,000
Article 3	Operating Budget (Acct 4130-4799)	4,295,875	4,255,101	4,255,101
Article 4	Capital Outlay (Acct 4902-4909)	148,654	148,654	148,654
Article 5	Police Cruiser - 4WD Pickup (Replacement)	48,000	48,000	48,000
Article 6	Highway Truck #1 May 2021 Lease Payment	38,702	38,702	38,702
Article 7	Operating Transfers Out - To Capital Reserves (Acct 4915)	1,090,000	1,090,000	1,090,000
Article 8	Operating Transfers Out - To Expendable Trust Fuds (Acct 4916)	20,000	20,000	20,000
Article 9	Creation of FT Deputy Fire Chief/EMS Coordinator Position	99,000	99,000	99,000
Grand Total Warrant Articles		8,773,383	8,732,609	8,732,609

Refer to the 2021 Warrant & Guide to Warrant Articles for Further Details



BC POSITION ON ARTICLES 1 & 2

- Article 1 & 2 – Building Construction Committee’s (BCC) Recommended Plan
 - Budget Committee Reviewed the BCC Plan & Unanimously Endorsed Their Recommendation
 - April 22 BCC Bond Hearing Will Address the Recommended Plan in Great Detail
 - Relatedly, Article 2 Which Pre-pays the ARRA Obligation Was Also Unanimously Supported



HOW DOES IT ALL ROLL UP?

	FY18	FY19	FY20	FY21	Proposed FY22 Budget		
	Actual Expenditures			Budget	Dept	BoS	Bdgt Cmte
Grand Total Appropriations	5,305,297	6,773,083	4,885,731	5,701,245	8,773,383	8,732,609	8,732,609
	Grand Total Appropriations (w/o Article 1)				5,792,231	5,751,457	5,751,457
	\$ Incr/(Decr) vs FY21				90,986	50,212	50,212
	% Incr/(Decr) vs FY21				1.6%	0.9%	0.9%
	Grand Total Appropriations (w/o Articles 1 & 9)				5,693,231	5,652,457	5,652,457
	\$ Incr/(Decr) vs FY21				(8,014)	(48,788)	(48,788)
	% Incr/(Decr) vs FY21				-0.1%	-0.9%	-0.9%

Excluding the Proposed Building and the Addition of a FT Deputy Fire Chief, These Totals Reflect a Budget Below FY21. Bear in Mind That This Result is After Absorbing Increases That are Somewhat Less in Our Control Such as:

Transfer Station - \$53,000 Employee Benefits & COLA \$130,000 and More.





Sanbornton
NEW HAMPSHIRE

THE END!

**PUBLIC
COMMENTS?**