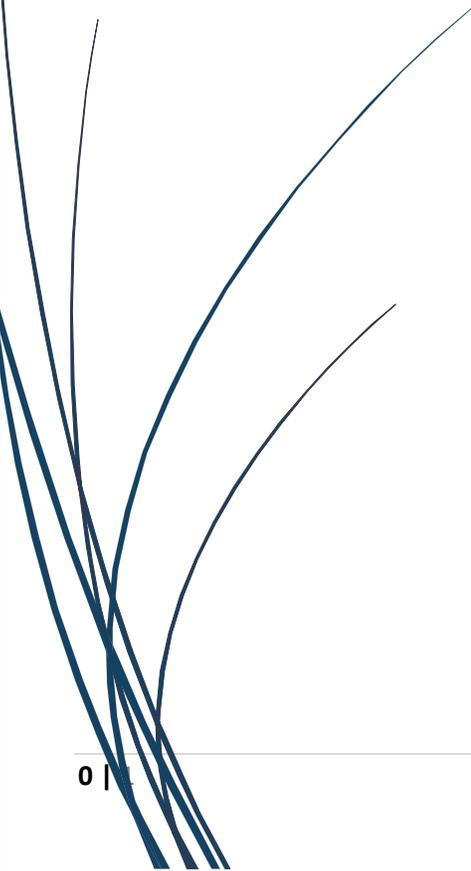


1/26/2022

2022 BUDGET OVERVIEW

TOWN OF ALLENSTOWN



Derik Goodine
TOWN ADMINISTRATOR

Introduction

As is the case every year, the Board of Selectmen (Selectboard) asked department heads and board chairpersons to produce their respective proposed budgets for the 2022 to be as flat as possible, as well as to discuss with them (Selectboard) any special needs of their departments including staffing. The Selectboard also decided to once again have joint budget meetings with the Municipal Budget Committee to review the various budgets submitted.

It was never imagined that we would still be dealing with the COVID19 Pandemic well into 2022, but here we are, and we continue to weather the storm, and its impacts on staffing and the townspeople. Given the challenges in 2020 and 2021 due to the pandemic as well as the fact that the pandemic and its effects will continue well into 2022; the goal is to develop a budget plan for the town that will have minimal effect on the taxpayers while maintaining and continuing to provide services for Allenstown. **Any increased expenses are offset by increases in Non-Property Revenue and the use of Unassigned Fund Balance.**

Last year's tax rate was actually reduced by approximately \$1.03 overall by using another \$309,000 from Unassigned Fund Balance. The Finance Director and Town Administrator are planning to bring a similar plan to the Selectboard in October 2022, when the 2022 tax rate is set. Thus keeping some additional tax relief in place for the property taxpayers for another year.

The Operations Budget presented to you were prepared by the Department Heads and Committee Chairs with guidance from the Town Finance Director and Town Administrator, and eventually approved by the Budget Committee and Selectboard for the presentation at the Public Hearing. Similarly, the Capital Reserve Expenditure Proposals were also created and vetted by the Finance Director and Town Administrator, and then approved to move forward to Public Hearing by both the Budget Committee and Selectboard.

There were two additional expenditures presented, approved, and recommended by the Budget Committee at a meeting before the Public Hearing. These two proposals deal with the Town acquiring the old Elementary School once the new school is completed for use by the Town. They were also approved and recommended for approval by a 4 to 1 vote of the Selectboard (McKenney in opposition). They will not have an impact on the tax rate if approved; because one is only \$1, and the other one, like the other Capital Reserve Funds, will utilize Unassigned Fund Balance as their funding source.

The Budget Plan continues to be to offset new expenditures with new Non-Property Tax Revenue and use of unassigned fund balance. With that in mind, the use of Unassigned Fund Balance is a multi-year plan which also continues to keep the balance at the appropriate levels for the Town's cash flow needs as well as funding the Capital Reserve Funds this year and into the future. The Town also has some significant developments under construction which should be completed in 2022, and those continue to be considered when preparing the budget plan. Those developments will bring additional non-property tax revenues in addition to property tax dollars.

The 2022 Census Data showed that Allenstown population has grown since 2010. Although there are some that believe that the 2010 Census was in error because it showed a loss of 639 people from the 2000 Census figure. Regardless of the past, the 2010 Census showed a population of 4,322. The 2020 census shows us a population of 4,707. That is a change of 385 people over the ten-year period. The reason population change is brought up is because the China Mill Apartment project and the Everbrook Assisted Living facility will both be home to at least 360 people, and they will both employ an estimated 60 to 70 people in total. The next year or so will show our population growth at a level that took 10 years to grow in the previous decade. That is some serious short term rapid growth in population. We expect that will also mean additional spin off new businesses coming over the next few years.

In 2018, the town portion of the tax rate was \$10.12; in 2019, it was \$9.68; in 2020, it was \$9.62; and in 2021, the tax rate was \$8.55 (This is \$1.03 lower than was originally estimated due to use of extra Unassigned Fund Balance). The estimated 2022 Town portion of the tax rate at this time is calculated at \$9.86 if the proposed budget is approved. First of all, remember that the increase in the expense budget is offset with increased Non-Property Tax Revenue. With that said, there are three things all working together that make it difficult to compare apples to apples in 2022, but I will give it a shot. One is we have new valuation which would naturally lower the \$9.86 back to the 2020 level (\$9.62), but there is also the \$309,000 that we used to lower last year's tax rate to the \$8.55. Finally, there is the mandated Revaluation which takes place in 2022 which will ultimately lower the tax rate because of the higher town valuation. To try and explain how that will all work together, and have it make sense, is nearly impossible when comparing 2021 tax rate to 2022 tax rate. It is just easier to pretend everything is equal between the Budget Years 2021 and 2022. Doing that, shows an increase of 28 cents due to the expense and non-property taxes budgets. Ignoring that we will have at least \$2.7 million in new property value which when calculated into the tax rate wipes out the 28 cent increase. In addition to this, there is the other \$1.03 mentioned above which cut the tax rate by utilizing \$309,000 of unassigned fund balance, which we hope to do again for 2022. In the end, it is just easier to just show the \$9.62 tax rate for now because even that figure won't be correct when the revaluation values are calculated into the tax rate.

Department Heads were expected to develop their 2022 Budgets with minimal increases in their operating budgets as much as possible other than increases built into the wage classification system that has been in place for 5 years, as well as accounting for the costs of any new authorized or planned hires. The wage scales were adjusted for a Cost of Living Adjustment (COLA) for employees in 2022. The Consumer Price Index ended up being 6.8% at the end of November; it was 5.4% for October which was the month used to review a 2022 COLA increase to the wage scale. The COLA used in 2021 was 1%. The COLA used for wage scales for 2022 is 3%.

The yearly budgeting goal is to provide necessary services and minimize the increase in the tax rate for the residents and businesses of the town. The overall expense budget increase ended up coming in at 3.66% (with over 100% of that increase being offset by Non-Property Tax

Revenue); thus the net percentage increase is 0%. Many of the increases in the expense budget are due to expenses out of the Town's control such as some contracts and personnel related costs; while parts of the increase can also be attributed to new personnel or changes in personnel. We are replacing the part time Building Inspector Administrative Assistant with a Fulltime Multi-Department Administrative Assistant. This person will serve as an assistant to the Finance Director, Building Inspector, Town Administrator, Fire Department, and the Highway Department.

The spreadsheets handed out at the Public Hearing on the Budget for 2022 are available on the Town Website, and they provide a line-by-line overview of the budgets submitted. For the most part, increases in the budget are seen in the personnel (salary) line items of each department, which is not unusual; since we have a service driven business model, and labor is how we deliver services. Also there are increase in the actual 4155 Personnel Administration Department Budget which is mostly benefits and insurances; and in a few other areas directly related to the costs of doing business and providing services to our customers: The residents, businesses, and visitors to our Great Allenstown!

Executive Summary

The proposed 2022 Town Budget submitted by the department heads and approved by the Budget Committee and Board of Selectmen will result in a 3.66% increase in spending from the 2021 Budget. After taking into consideration Non-Property Tax Revenue and use of Unassigned Fund Balance, the net taxable increase of approving the budget will be 0%. This year's proposed budget is \$158,890 higher than the 2021 Budget, and \$63,530 higher than the 2022 Default Budget. These budgets were reviewed over several meetings, taking several hours each meeting. A whole lot of gratitude is owed to the Department Heads and their staff, the Finance Director, Town Administrator, Board of Selectmen, and the Budget Committee for creating and reviewing this year's Town Budget. It is hoped that the voters will put their own stamp of approval on this year's Town Budget by voting to approve it in March.

Please read the Department Narratives on the Town Website in addition to reviewing the spreadsheets to gain the most information about the 2022 Town Budget. The Department Narratives are presented in account order, so voters can easily compare the budget spreadsheets which are also contained at the end of each department budget narrative.

The areas of significant change are as follows:

1. In the Executive, Town Clerk/Tax Collector, and Finance Budgets, you will find increases are mostly due to personnel costs (salaries and payroll). The Executive and the Finance Budgets include a portion (1/5th each) of the new Administrative Assistant Salary. The Executive Mileage line was increased because Town Employees must now drive to a neighboring town to do the town's banking services. The Town Clerk budget also has increases for various

election related expenses. There are several other smaller increases and decreases scattered throughout these budgets where they were needed.

2. The Assessing Department Budget has no increase.
3. Legal Services is decreased \$5,000. Less anticipated legal costs are the reason for the reduction. This is partly due to less legal issues as well as employees having more experience and knowledge in various departments.
4. In the Personnel Administration Department, there is a total increase of \$56,700 (7.3%). This is due to increases in some lines and decreases in other lines. Health Insurance Rates increased by just 3.7% and that increase and adding one employee to our plan accounts for increase of \$15,000 in that line. State Retirement match costs for Employees and Police Retirement are up \$53,000, while the Town Administrator Retirement is up \$1,200. Social Security and Medicare have increased due to employee wage increases and new hires by \$2,000. Worker's Compensation which was reduced by \$14,000. Unemployment Contributions also are decreased by \$500.
5. The Planning Board and Zoning Budget has gone down by \$200 overall. Mostly due to reduced legal expenses being budgeted and some minor increases to other lines.
6. General Government Buildings has decreased \$1,600. This is mostly due to reductions in costs of repairs and maintenance again and expected savings in the heat and electricity lines.
7. Property Insurance has decreased again this year by \$10,000.
8. The Police Department Budget overall is up \$39,510 (3.9%). The PD had a couple resignations during 2021, and we start 2022 having just hired two officers late last year. When officers are away at the academy, we end up having to fill those shifts with our other officers which leads to the \$5,000 increase in the OT line. There are increases in the support staff salaries and the Officer Salaries. Both totaling \$21,000. Dispatch costs are up \$2,310. Training Travel Expenses are now being put into its own budget line and is a total of \$8,500. Previous to this action, it was combined with Tuition and Training and would put that budget line in the red each year. There are some other minor increases and decreases which you can explore on the spreadsheets and in the Police Department Narrative.
9. The Ambulance Budget had increased \$8,000 due to the overall budget increasing and Allenstown picking up a larger share of the costs due to increases in call volume. Part of the Ambulance Budget is paid by Pembroke an Allenstown. The percentage is split based on a three year rolling average of calls to each town.
10. The Fire Department Budget has increased by \$30,000 this year This is mostly due to Per Diem (Part time) Salaries needed which were over budget in 2021. FT salaries were actually reduced by \$5,000. Dispatch costs are up \$2,300, and Vehicle Repairs is up \$4,000. There are a few other smaller increases scattered through the budget.
11. The Building Inspector Budget is decreased overall, even with a \$1,000 increase to the BI/CEO Salary line, because its share of the Administrative Assistant salary will actually be less as it will be shared with the other 5 departments.

12. Emergency Management has increased only \$100 overall. There is a \$200 increase to the stipend of the director. The first in 3 years. Generator Maintenance has gone up by \$1,500, but we are saving \$1,600; since we won't need to pay for the river gauge on the Rt. 28 Bridge. The USGS is paying for it.
13. The Highway Department Budget is split into two parts. It is just the way the State Model Chart of Accounts is written. Anyway, the first part (4311) has increased (\$20,000) due to increases in the personnel costs (salaries) mostly and increased costs of supplies. They also pay 1/5th of the new FT Administrative Assistants Salary. The second part of the Highway Budget is (4312). 4312 sees a total increase \$24,700. This is mostly due to increased costs of paving and also construction supplies, as well as salt costs. There are reductions in the storm water (MS4) administration and engineering costs (the MS4 federal mandate). The Building Inspector will be doing part of these duties in house.
14. Streetlights are reduced by \$5,600 because we are now getting a special LED rate.
15. Solid Waste Costs are increasing due to \$3,000 in the salary line. Hours have been increased on Saturdays during the Summer. Also the costs of collection and disposal have increased totaling \$13,500.
16. The Health Inspector Department has an increase of \$200. This is due to an increase to the stipend for the first time in 3 years and also dues increase and training.
17. Animal Control is flat.
18. Welfare Administration has an increase in the salary line due to more hours being dedicated to this service because of increased calls and inquiries for services. Increased applications don't necessarily mean increased costs of the services though. Besides that, the two Departmental Accounts that make up the Welfare Services are down \$2,050.
19. Social Services has increased by \$500. This is due to an increase to the Merrimack-Belknap Community Action Program contribution.
20. Parks and Recreation costs are up \$7,300 altogether. The increases are for custodial services (\$4,000), and supplies (\$1,900). "Programs" was also added as a budget line at \$2,000 which was cut from the EDC Budget. Some of the EDC programs are really Parks and Rec, so we have shifted those over to the P and R Department. There are other cuts scattered thought this department budget where we felt were allowable.
21. The Library Budget has increased \$7,200. This is due to increases in the Salary line, Books and DVDs mostly. There are several other smaller increases and cuts scattered through the budget.
22. Patriotic Purposes accounts are both flat funded, and Conservation Commission is also.
23. Old Allentown Meeting House is flat funded.
24. The EDC Budget was cut by \$2,000 with that money going into Parks and Rec as previously discussed.
25. Debt Service is flat funded and is for a TAN note should there be a need to borrow money should there be a problem with tax dollars coming in timely.

26. Capital Outlay Budget is decreased by \$55,000 overall. There was a cut in the Fire Vehicles line of \$59,000, and an increase to the Police Vehicle Line.

27. Capital Reserve Funds proposed for this year are:

| To Capital Reserve Fund | 2021 | 2022 |
|--------------------------|------------------|------------------|
| Fire Safety Equipment | \$0 | \$35,000 |
| Library – approximate | \$1,600 | \$3,000 |
| Public Safety Facilities | \$10,000 | \$30,000 |
| Streetlights | \$6,500 | \$0 |
| Highway Equipment | \$15,000 | \$15,000 |
| Town Bldg/Maintenance | \$0 | \$10,000 |
| Economic Development | \$10,000 | \$15,000 |
| Assessing Re-valuation | \$16,800 | \$17,000 |
| Road Repair & Paving | \$50,000 | \$50,000 |
| Parks & Recreation | \$10,000 | \$50,000 |
| Highway Garage | \$125,000 | \$75,000 |
| Totals | \$244,900 | \$300,000 |

In addition to the \$300,000 above, there are two other Budget articles which will carry budgets of \$1 and \$100,000. These have been approved by the Selectboard and the Budget Committee and both recommended them for approval at the polls. The first is to see if the Town will vote to approve giving the Selectboard the option to buy the Allenstown Elementary School for \$1.00 in 2023/2024 and utilize the building for a new town office, a recreation and community center, and also house some Pre-K SAU School classrooms, and also rent out space to any professional offices or other businesses, and also develop a Cooperative Work Space/Business Incubator space for new businesses.

The Second Article is to establish a New Town Hall Capital Reserve Fund of \$100,000 to establish a fund for any renovations or improvements to the building, which would include exploring associated costs for the various uses of the building.

The Board would then investigate various costs, the market place for business use, and then decide whether or not to purchase the building.

Spending Analysis and Estimated Tax Impacts

As stated earlier, the proposed 2022 Budget developed by the department heads and the Budget Committee results in a 3.66% increase in spending from 2021 Budget that was approved. 100% of this increase is offset with the use of \$195,000 in Unassigned Fund Balance as well as increases in Non-Property Tax Revenues. It is also expected that with new valuation and the use of additional unassigned balance funds that this budget will not impact property taxes. However,

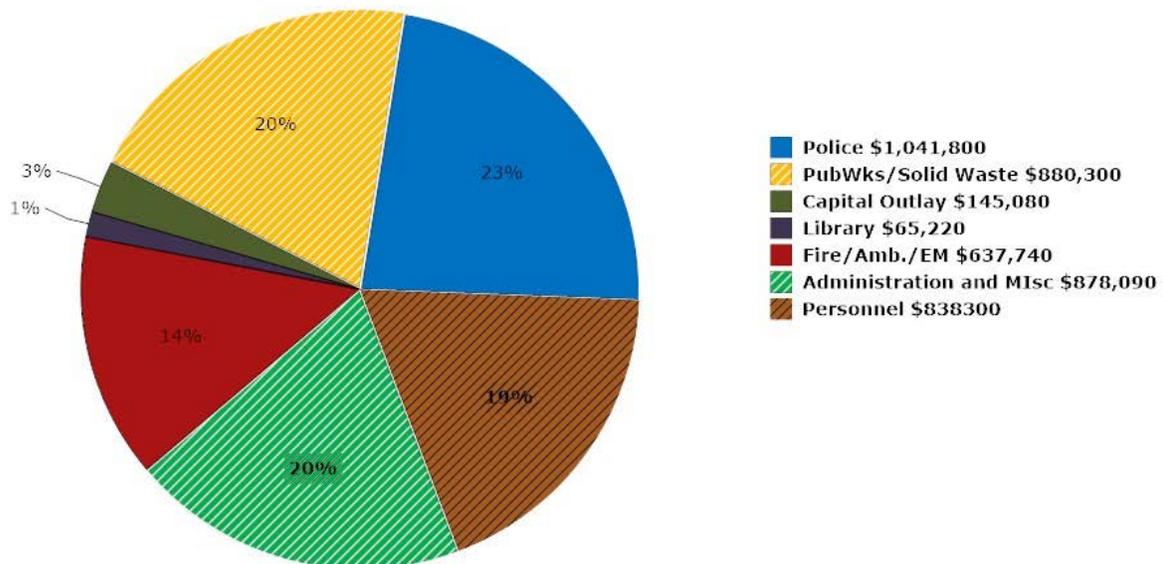
it should be noted that there will be a revaluation in 2022, and this will ultimately lower the tax rate. Individual taxes will depend on any increased valuation to each home and business in town as well as any increases in the school and county budget or their impacts on the overall tax rate.

The assessed valuation for 2017 was \$288,823,373; 2018 was \$291,898,771; 2019 was \$295,477,384; 2020 Valuation was \$299,141,916, and the 2021 Assessed Valuation was 300,169,750. While the Revaluation will increase the 2022 Valuation to between 20% to 35% higher, I estimate; we have decided to use the same valuation for 2022 as we did in 2021 in our estimates for tax impact on the Budget Article on the Town Warrant. The actual tax rate won't be known until the Reval is complete, and the new valuation is set.

The revenues other than property taxes (Non-Property Tax Revenue) for 2022 are estimated to be \$1,537,900 which is \$159,900 greater than the revenues for 2021. These revenues offset the increases in the Proposed 2022 Town Expense Budget. Thus reducing the taxable impact of the 2022 Town Budget increases.

The next several pages include graphs that depict the various facets of the Town's budget, revenues, and tax information.

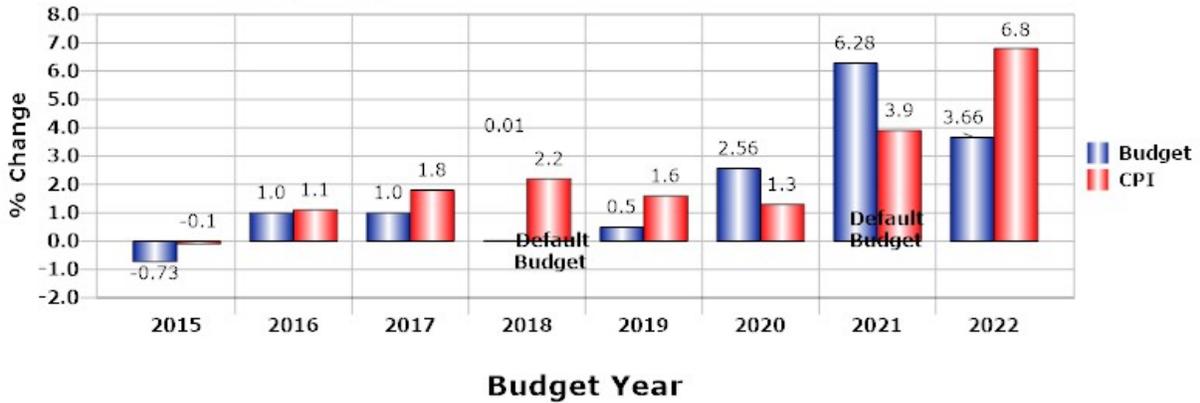
2022 Proposed Appropriations by Function



The Public Works budget includes highways, storm water, streetlights and solid waste. The Administration budget includes the executive, town clerk/tax collector, finance, insurance, legal, parks & recreation and the various boards/committees. The Personnel budget includes

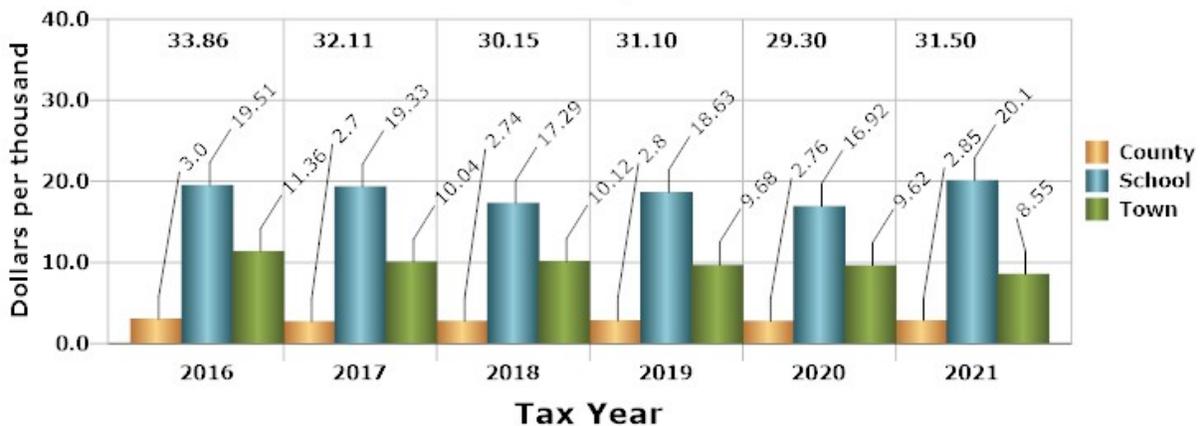
the cost of employee benefits: health/dental/life/STD/LTD, retirement, workers comp, social security, Medicare and unemployment compensation.

Town Appropriations/Consumer Price Index



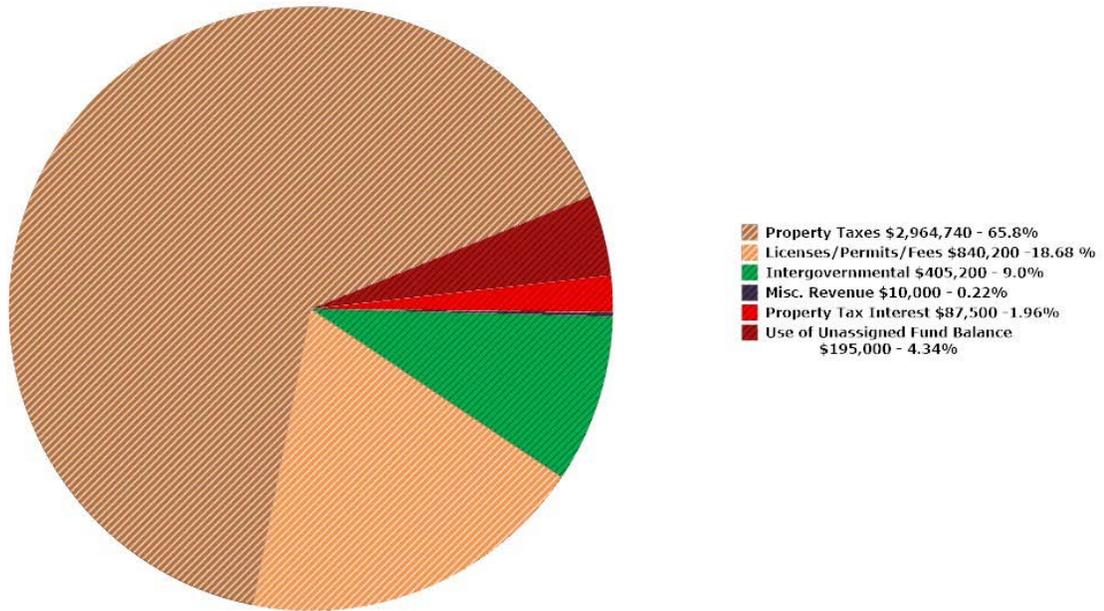
This chart shows the percent change in appropriations from year to year for the town budget excluding the appropriations for the sewer department. The red bar represents the change in the Consumer Price Index which is a measurement of the growth of the economy.

Tax Rate History 2016 to 2021



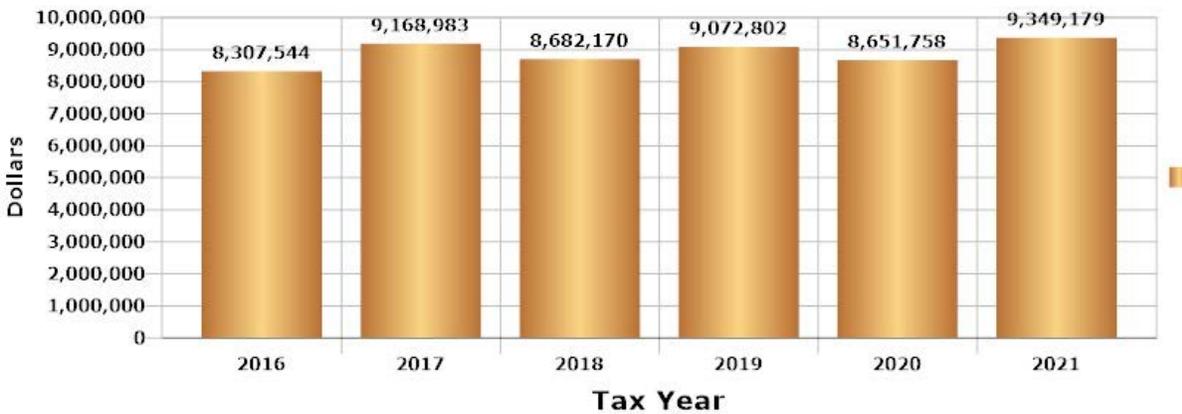
This chart shows the tax rate history in dollars per thousand for each tax year. There are a number of factors that determine the rate. Those being the Town’s Valuation, the Town Budget, the Town’s Non-Property Tax Revenue, the County Tax, the School Assessment, and the State Education Assessment, and finally the overlay and tax exemptions and tax credits.

2022 Estimated Revenues



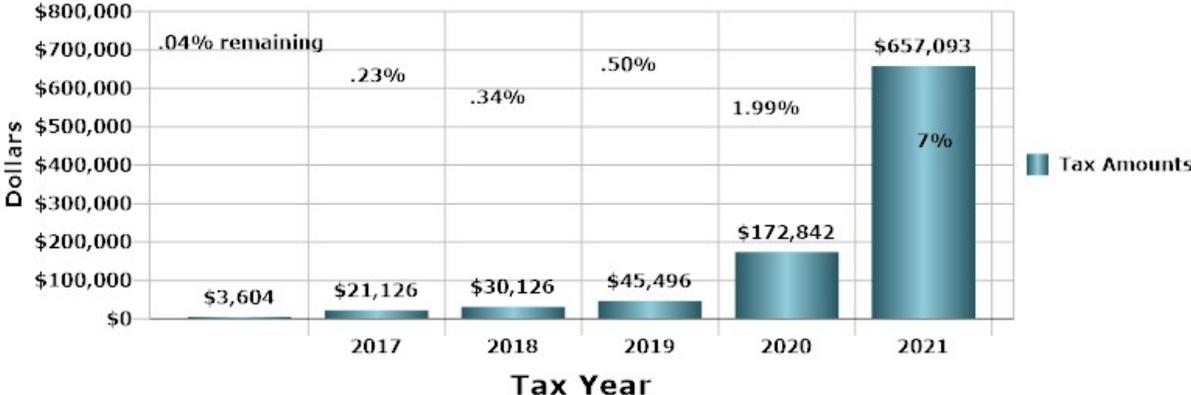
This chart depicts the estimated revenues that were prepared for the 2021 budget. Revenue projections continue to be adjusted throughout each year until September when the final revenue projections are submitted to allow the tax rate to be set.

Taxes Committed



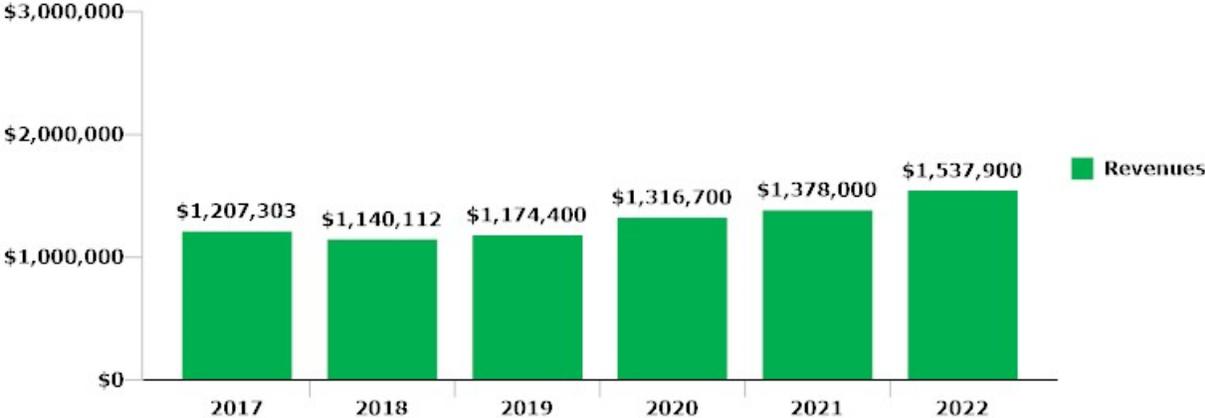
This chart depicts the actual property tax levy for each year. This amount represents the total amount of taxes levied for the local school, town, and county tax needed to meet the appropriations set minus the other anticipated revenues. The amount of taxes committed for 2022 will be set when the tax rate is set in the fall.

Taxes Outstanding



This chart shows the balance of taxes still owed to the Town, as well as their percentage of the total taxes that were committed. Comparing this bar chart with the Taxes Committed Chart, you can see that the amount of taxes owed in comparison to the total tax levy is comparatively low.

Revenues other than Property Taxes



This chart depicts the actual revenues for 2017-2021, other than property taxes.

Revenues other than property taxes includes grants, fees, fines, sale of town property, interest on unpaid taxes, Intergovernmental Revenue etc...