

1/12/2024

2024 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 2024 to be as flat as possible, as well as to discuss with them (Selectboard) any special needs of their departments including staffing. Once again, the Selectboard decided to have joint budget meetings with the Municipal Budget Committee to develop and review the various budgets submitted. The resulting 2024 Budget that is presented to the Public Hearing and the Deliberative Session, and eventually placed on the ballot for the Town Election, are the results of the work of the staff, volunteers, the Budget Committee, and the Selectboard working together.

Like in most other municipalities across the country and in our own households, inflation costs have made this a tough budget year to contain costs of service delivery, and you will see such impacts sprinkled throughout the proposed budget just as was the case last year. The CPI during September of 2023 was 3.7% when the Selectboard gave the budget directives. The overall Proposed Town Budget for the Public Hearing is up 16.91%, as you will see in the chart inside this document. Overall, this is due to increased costs of goods and services, the higher costs of having a new higher trash, recycling and disposal contract, Fire and Ambulance Services, and Personnel Related Costs. The Trash and Recycling contract was a 10 year contract which expires in September, and it has treated us well over the last 10 years, but our research of current market trends, other new contracts from other towns in New Hampshire, and recent negotiations have shown us that our costs are going to more than double when it is all said and done. Recycling Collections and Handling and related costs are a huge part of the issue.

Over the last several years, the Town has utilized Unassigned Fund Balance and Non-Property Tax Revenue to help offset increased expenditures and increased County Tax and School Tax Assessments to lessen the total Tax Rate. The School has also utilized their Unassigned Fund Balances for several years to do the same thing. In this document, you will find a Tax Rate History Chart that shows that the municipal portion of the Tax Rate has declined from \$10.04 to \$8.55 from 2017 to 2021. In 2022, it was \$6.21; and in 2023, the Municipal portion of the Tax Rate was \$6.34 (includes overlay). The decreases from 2017 to 2021 were due to containing expenses and utilizing increases in Non-Property Tax Revenue as well as utilizing unassigned fund balance to reduce municipal taxes on our taxpayers. In 2022, the reduced tax rate was due to the same budgeting constraints in conjunction with the new valuation. In 2023, constricting budget increases also helped to hold the line even though we were feeling the impacts of inflationary costs. In 2024, the budget constraints have finally caught up to us as well as inflationary costs and the other increased costs mentioned earlier.

In 2021, the municipal portion of the Tax Rate was reduced by approximately \$1.70 by using \$509,000 from Unassigned Fund Balance. In 2022, the Tax Rate was reduced by \$.38 by utilizing \$195,000 of Unassigned Fund Balance; but due to the Revaluation of properties in Allenstown, the Board of Selectmen had to utilize a higher amount for the Overlay (\$248,579 for 2022 vs. \$122,463 for 2021) during Tax Rate setting time. This was done in case there were any large

abatements granted. This ended up adding \$.25 to the rate, but still the net increase to the Tax Rate was only \$.13. The Town also received approximately \$131,962 in extra state revenues to reduce the 2022 Tax Rate by \$.26. In 2023, the overall tax rate increased \$1.70, but only 13 cents of that was a result of the municipal portion of the budget. Only \$100,000 was used from unassigned fund balance (UFB) to reduce the tax rate last year. Unfortunately, in 2024, there will not be any money used from UFB to reduce taxes included in the Non-Property Tax Revenue. If it was done this year, the worry is that balance would not be sufficient for our cash flow needs, so only a limited amount of UFB is being used to fund a few upcoming Capital Projects by funding those Capital Reserve Funds. Also, Non-Property Tax Revenue (NPTR) is expected to be reduced this year due to not utilizing that \$100,000 from UFB as well as \$18,000 less being expected from NPTR.

2024 Budget Development

Department Heads were expected to develop their 2024 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 6 years. They could also consider and budget for any increases due to and related to providing services and operations of the Town such as fuel, oil, and gas, costs of supplies increases, insurance costs, and mandated expenses, new contracts, and changes to service levels.

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 Fund 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.

The 2024 Town Budget does not utilize any funds from Unassigned Fund Balance to reduce the budget impact on taxes, as the balance is now at a level where it won't allow for that; and also meet our cash flow needs between tax collection dates, except for the \$278,000 to fund Capital Reserve Funds. If we used much more than that, then we would end up possibly having to borrow money through a Tax Anticipation Note.

During the creation of the Proposed Non-Property Tax Revenue Budget for 2023, town staff was conservative on estimates of many of these revenues. We could see trends where the state of the economy was reducing some of those revenue lines or holding them flat. While prices have come down a bit, the impact on revenues has not, and new building seems to have slowed down also affecting those fees (Not to mention our two biggest developments were completed this year. We still have to worry about a possible recession and further inflation, and still continued supply chain constraints in some areas. These things not only affect the price of goods and services (fuel, electricity, vehicle availability) that we depend on to provide services, but they directly impact our Non-Property Tax Revenues. One of our largest Non-Property Tax Revenues

affected is Vehicle Registration Revenue, not because of the supply constraints of the last few years, but rather the higher interest rates deterring people from buying new vehicles. This year, we saw those revenues flatten out and actually be lower; thus we have flat funded the expected revenue for 2024 for MV Registrations. If it appears that more revenue will come in, then they can be adjusted at tax rate setting time in November of 2024 to reduce the amount of property tax needed; and thus lower the tax rate a bit at that time.

The wage scales in the wage classification system are adjusted each year with a Cost of Living Adjustment (COLA) for employees. This year was no different. When the COLA increase was considered for 2023, it was September; and the Consumer Price Index at that time was at 3.7%. The Consumer Price Index in October when the budgets were created was 3.2%. It is currently 3.1%.

Ultimately, the Board of Selectmen looked at the past COLA adjustments that were done and the actual CPIs over the last few years and factored in the recent turnover in town staff; most leaving for more money elsewhere; and determined that we needed to do 2 things. Do a salary survey of other municipalities of similar size and demographics in the area for each job category, and give a higher COLA adjustment to the wage scale; since it appears that we have fallen behind our competitors in the public and private sectors. They settled on a 6% adjustment to the wage scale by a 3 to 2 vote.

For historical purposes, the CPI in 2020 was 1.4%; in 2021, it was 7%, and in 2022, it was 6.5%. As stated before, the CPI for 2023 was 3.2% in October. The COLA adjustment to the wage scale used in 2021 was 1%; in 2022, it was 3%. Comparing the CPI total % increase totals from 2020 to 2022, they totaled 14.9% combined over that period; while the COLA Adjustments to the Wage Scale for budget years 2021 to 2023 totaled just 7% (1%, 3%, 3% Respectively). As stated before, the CPI for 2023 is 3.1% currently, and COLA adjustment to the wage scale, at this time, for the public hearing is 6%. Taking this into account and comparing CPI's combined for 2020 to 2023, to the COLAS for 2021 to 2024. The combined CPIs for 20-23 stand at 18%; while the combined COLAs adjustments for 21-24 are 13% with the 6% adjustment.

As already stated, 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 16.91%. The current CPI is currently 3.1%. It is important to consider that there are few things impacting this year's budget. The Solid Waste costs have increased due to the expiration of our generous and well below market rate 10-year Trash and Recycling and Disposal contract. We know this based on recent negotiations and new contracts that have recently been awarded by several New Hampshire communities. The Budget also has increased costs due to increases in our mandated share of retirement costs for Fire Personnel as well as budget increases for the Benefit costs for our new Fire/Ambulance Personnel. The future estimated costs of Tri-Town EMS and Fire Personnel for Allenstown showed that this will ultimately save the town money over the long run while enhancing our Fire and Rescue Service delivery once it is implemented and also be defrayed by future Ambulance Service Revenue and savings from what we currently pay Tri-Town EMS. Over the last few years, the town has tried

to contain costs even while dealing with inflationary costs of doing business, and those costs have caught up to us as well it appears.

Also, it is important to note that the plan is to sell the Armand Dupont School, when it is vacated by the School System, and when those revenues are realized, then they can be used to reduce the impact that the budget has on the tax rate when it comes tax rate setting time late in 2024.

Non-Property Tax Revenues are estimated to be \$118,107 less than the 2023 budget. This is mostly due to a reduction of \$100,000 that was used from Fund Balance last year that is not available in this year's budget.

Many of the increases, not already mentioned in this Budget Overview in the expense budget are due to expenses out of the Town's control such as some contracts, personnel related costs, mandated costs, and inflationary costs pressures. Additionally, the Town truly needs to replace its aging accounting software which is not user-friendly and wastes countless hours of staff time due to the way that it operates. The better, efficient, user interface of the new software will go far in managing the expense budgets, revenues, and town assets, and protect the Town's Funds and ensure future financial health of the community. The town is also currently implementing new cyber attack software to help protect us from cyber attacks and breaches which have hit several communities across the country. This is found in the Capital Budget near the end of the budget sheets.

There are also increases in this budget due to the costs of utilities for the ARD School which will be sold in 2024, and for Allenstown Elementary (AES) utility costs as the town renovates it and moves into in late 2024 or early 2025. A portion of the AES costs will be offset by lease revenue from the SAU leasing space for its Pre-K programs to be housed in the building.

The spreadsheets handed out at the Public Hearing on the Budget for 2024 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. In addition, there are increase in the actual 4155 Personnel Administration Department Budget that is mostly benefits and insurances and mandated benefits; 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!

The Town population has grown significantly over the last year with the opening of the opening of Hillsbrook Senior Living complex and the Lofts at 25 Canal Street (China Mill). These facilities have brought an estimated 60 to 70 jobs to Town and will provide additional property tax dollars and Non-Property Tax Revenue for the Town coffers in 2024 and in the future.

Executive Summary

The proposed 2024 Town Budget submitted by the department heads and approved by the Budget Committee and Board of Selectmen for the Public Hearing will result in a 16.91% increase in spending as compared to the 2023 Budget.

The Town portion of the Tax Rate for 2022 was \$6.21. It was \$6.34 in 2023.

This year's proposed budget is \$797,705 higher than the 2023 Budget. Departmental 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 expected that there will be some changes to the budget following the Public Hearing, but 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. Should this budget fail to be approved, then the Town will have no choice but to look cuts in service levels and having to charge fees for several services that are currently provided with tax dollars. Fees for service is not the direction that we want to take. Nor is drastic service delivery changes that will impact our residents.

Please read the Department Narratives on the Town Website in addition to reviewing the spreadsheets to gain the most information about the 2024 Town Budget. The Department Narratives are presented in account order, so voters can easily compare the budget spreadsheets that 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 due to personnel costs (salaries and payroll): \$15,750, \$1,280, and \$5,990 respectively. Also increased are training, and IT and computer related services. There are a total of 4 Elections in 2024, which has increased the costs (\$9,600) in the Town Clerk Budget. Also, the need to replace the vote tabulation machine (\$6,050) that the State has stated is outdated and needs to be replaced because they no longer make parts for them all across country. There are also increases to the cost of Mortgage Research (\$2,000) in the Clerk's Budget, and staff training and certifications to the tune of \$7,000 which includes consultant training costs for employees in these three departments.
2. The Assessing Department Budget has increased by \$500 as part of those services.
3. Legal Services are flat funded.

4. In the Personnel Administration Department, there is a total increase of \$167,500. Part of the increase is due to increased (9.7%) Health Insurance and (4.7%) Dental premiums. Also impacting creating this increase is the hiring of 4 FT Firemen/Ambulance personnel due to the Ambulance Service starting, and employees taking health insurance for the first time or electing family coverage. There is an increase to FICA (\$5,000) and Medicare (\$2,500) due to employee wage increases, and increased Workers Comp costs (\$8,350). The remainder of the increases can be attributed to mandated costs in employee Retirement Contributions (\$77,500). Although part of these increases are also due to the new fire personnel.
5. The Planning Board and Zoning Budget have gone up by \$50 for dues and publications.
6. General Government Buildings has increased by \$48,560. This is partly due to a mistake in budgeting last year for custodian services (\$4,010). There are increased costs of heating of \$1,100; and as already explained in this document, the costs of utilities and maintenance for AES \$33,050, and ARD \$10,000. The ARD expenses will not carry into the budget in 2025, as we intend to sell that building as soon as we can. The AES costs will be partially covered by income from leasing space to the SAU for Pre-K programs in 2024.
7. Property Insurance, which includes General Liability and Vehicles, increases \$20,010 for 2024. This is partially due to Ambulance related costs; and also, that premiums have gone up due to increased claims system wide in our Risk Pool, and that the Claim Reserves in the Risk Pool need to be rebuilt following several years of premium rebates by our insurance carrier.
8. The Police Department Budget overall is up \$42,500. This is due to increased personnel related costs, fuel prices, and our dispatch contract. There is also an increase for the Town's share of the costs of a School Resource Officer at the new school which will provide additional coverage in town during the summer months when school is not in session.
9. The Ambulance Budget which is TTEMS has increased by \$44,370. This is due to not utilizing any fund balances to offset the costs of this service which we will no longer be using after July of 2024. We expect to get some revenue from TTEMS this year also from the liquidation of the Capital Reserves in TTEMS coffers.
10. The Fire Department Budget has increased by \$169,910. This is mostly due to increased salary lines due to wage increases and hiring of new personnel for the Ambulance and Fire Services which is well discussed in other areas of this document. Also increases to supplies, physicals, training lines, fuel, and dispatch costs have increased in the budget.
11. The Building Inspector Budget has increased (\$5,800) due to wage increases.
12. Emergency Management has decreased \$3,890 because we don't need to budget for an Emergency Operations Plan Update that was in last year's budget.

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 (\$19,300) due to increases in the personnel costs (salaries) and increased costs of electricity, and gas and diesel, and plow maintenance mostly. The second part of the Highway Budget is (4312). 4312 sees a total increase \$23,600, and this can be attributed to higher costs for salt and sand for our winter roads, as well construction supplies. Also, one finds increases due to mandated Storm Water testing and engineering costs required for 2024.
14. Streetlights are reduced by \$2,000 because the rates per streetlight have gone down.
15. Solid Waste Costs are increased due to our contract 3% increase for the remainder of the current contract, and the sharp increase we are facing in September under a new contract. This is already explained in this document. Also wage increases have impacted this budget to a lesser degree.
16. The Health Inspector Department has an increase due to increased wages.
17. Animal Control is flat funded.
18. Welfare Administration has increased by \$530 partly due to wage increases and software costs. There is no increase in the Welfare Service costs part of this budget.
19. Social Services has increased \$500 for the Community Action Program costs.
20. Parks and Recreation costs are up \$7,700 altogether. It appears that there is an increase of \$15,450 for payment to the Boys and Girls Club, but that is actually due to the fact that we now pay them to do their own custodian services which saved us money. The increases though are due to increased costs of electricity, heat, and building maintenance.
21. The Library Budget has increased \$3,420. This is due to increases in the salary line, training, utility costs, and library resources such as books, DVDs, and dues and subscriptions.
22. Patriotic Purposes accounts are both flat funded. Conservation Commission is also.
23. Old Allenstown Meeting House has an increase of \$50 due to increased phone costs is flat funded.
24. The EDC Budget is flat funded.
25. Debt Service is flat funded, and so is the TAN note account.

26. Capital Outlay Budgets have increased by a total of \$43,000 and \$16,720 respectively. Part of the increase is due to the costs of new Accounting Software and an increase in Police Vehicle Lease costs. The second part is increased due to underfunding our computer replacement costs last year when we purchased a new server and network getting off the cloud and going back to an in-house server. Finally there is the costs to do a Wage/Salary Study for all positions in our town government that was previously mentioned in this document.

Capital Reserve Funds proposed for this year are:

	2023	2024
Library	\$3,000.00	\$3,000.00
Parks & Recreation Projects	\$45,000.00	\$0.00
Fire Department Equipment	\$25,000.00	\$0.00
Highway Department Equipment	\$15,000.00	\$0.00
Highway Garage	\$25,000.00	\$50,000.00
Public Safety Facilities	\$45,000.00	\$0.00
Economic Development	\$10,000.00	\$0.00
Assessing Re-Valuation	\$16,000.00	\$0.00
Road Repair and Paving	\$91,000.00	\$0.00
New Municipal Building	\$200,000.00	\$225,000.00
<u>Master Plan</u>	<u>\$5000.00</u>	<u>\$0.00</u>
	\$480,000.00	\$278,000.00

Because Unassigned Fund Balance (UFB) is limited for use for Capital Reserve Fund Budgeting this year, the funding has been prioritized for the Library Reserve Fund, and for the two major projects that will be funded in 2024. This will include the New Highway Garage Building and the renovations of Allentown Elementary School into a new Municipal Building and Community Use Building and for eventual business leased space. The SAU will also lease a portion of the building from the Town as use as Pre-K Programs for 4 SAU communities. They will be utilizing the back wing of the building for that purpose. With the Capital Reserve Funds from last year that was saved and this year's appropriation, the necessary renovations (Phase I and II), as shown in the feasibility study that was presented last year, can be done to bring the building up to code once the school vacates by the summer of 2024. Funding of these projects will not impact the tax rate.

Spending Analysis and Estimated Tax Impacts

As stated earlier, the proposed 2024 Budget developed by the department heads and the Budget Committee results in a 16.91% increase in spending from the 2023 Budget that was approved. This will result in a Tax Rate increase of \$1.32. The increase is mostly due to the costs of employee benefit increases due to rate increases; employees that are using the Health and Dental Benefits for the first time, or employees that have elected family plans going into 2024; State Mandated

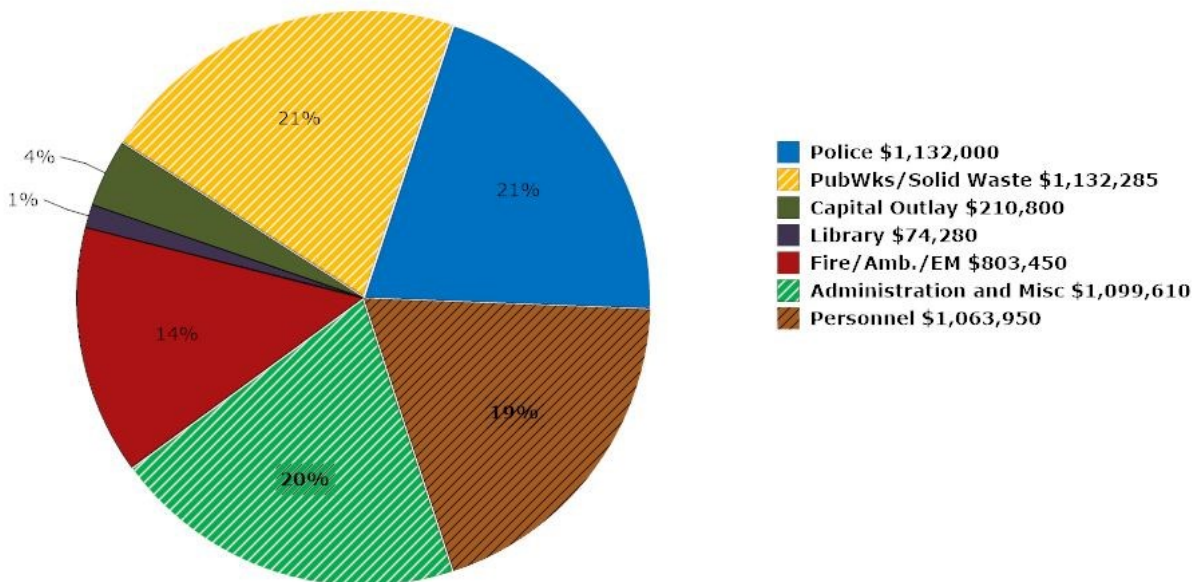
increases to the Town's share of Retirement Costs, and benefits for the new Fire/Ambulance personnel that starts to ramp up in May of 2024. Also driving the increase is the increased costs due to a new Trash Collection/ Recycling and Disposal Contract that begins in September as our generous 10- year Solid Waste Contract expires at the end of August; and the market costs of this service has rocketed higher over the last 10 years, as shown by recent new contracts in other New Hampshire municipalities and during our negotiations for an extended contract.

The revenues other than property taxes (Non-Property Tax Revenue) for 2024 are estimated to be \$1,496,670 which is \$118,107 less than the revenues for 2023.

The estimated Town portion of the Tax Rate, if the 2024 budget is approved, is \$7.66. It was \$6.34 in 2023. Should any additional revenue come in from the State or in Non-Property Tax Revenues, then those funds will be used to reduce the estimated tax rate.

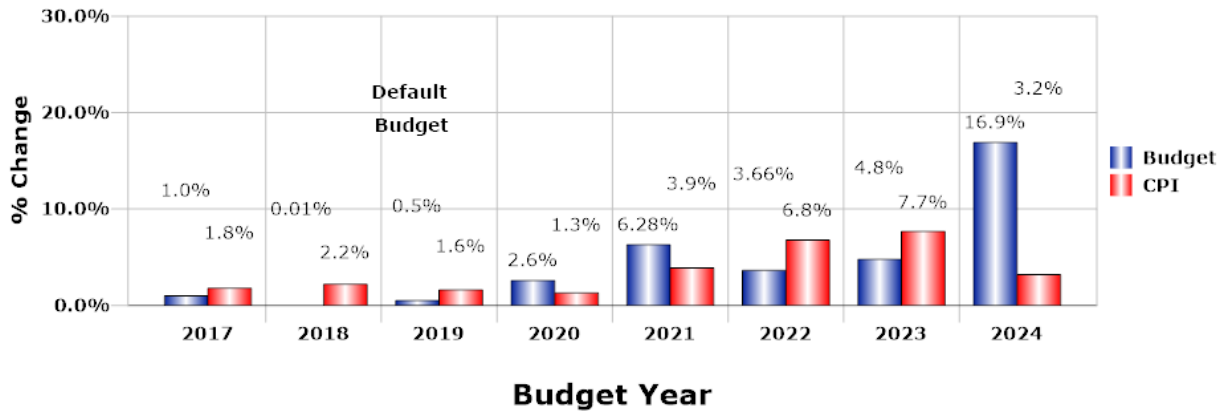
The next several pages include graphs that depict the various facets of the Town's budget, revenues, and tax information.

2024 Proposed Appropriations by Function



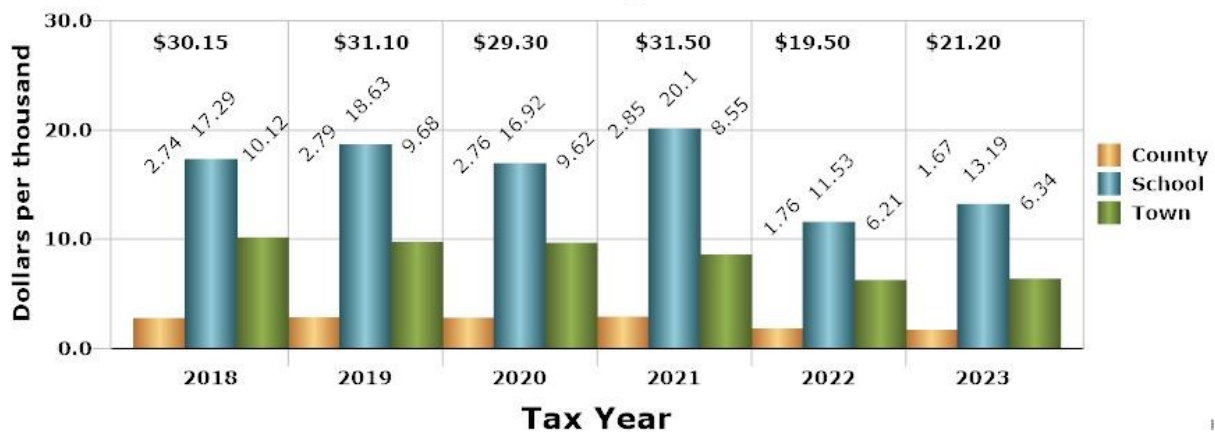
The Public Works budget includes highways, storm water, streetlights and solid waste. The Administration budget includes the executive, town clerk/tax collector, finance, insurance, legal, parks & recreation and the various boards/committees. The Personnel budget includes the cost of employee benefits: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

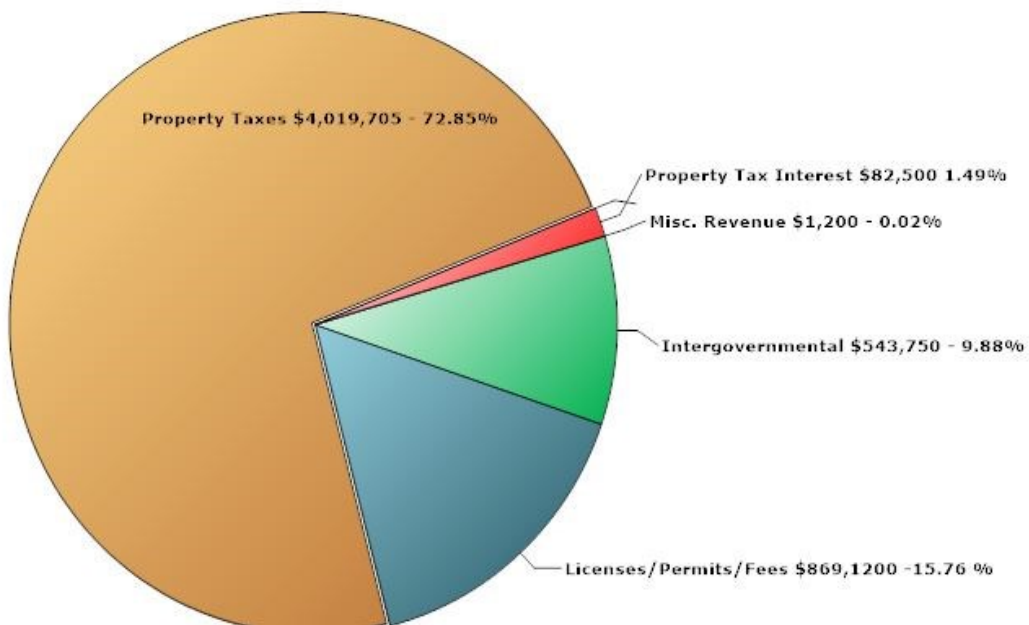
Tax Rate History 2018 to 2023



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.

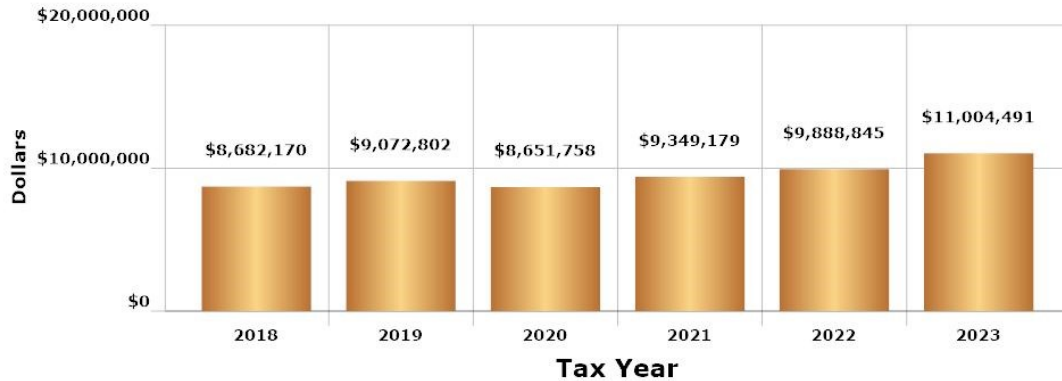
2024 Estimated Revenues for Municipal Services

(Does Not Include School or County)



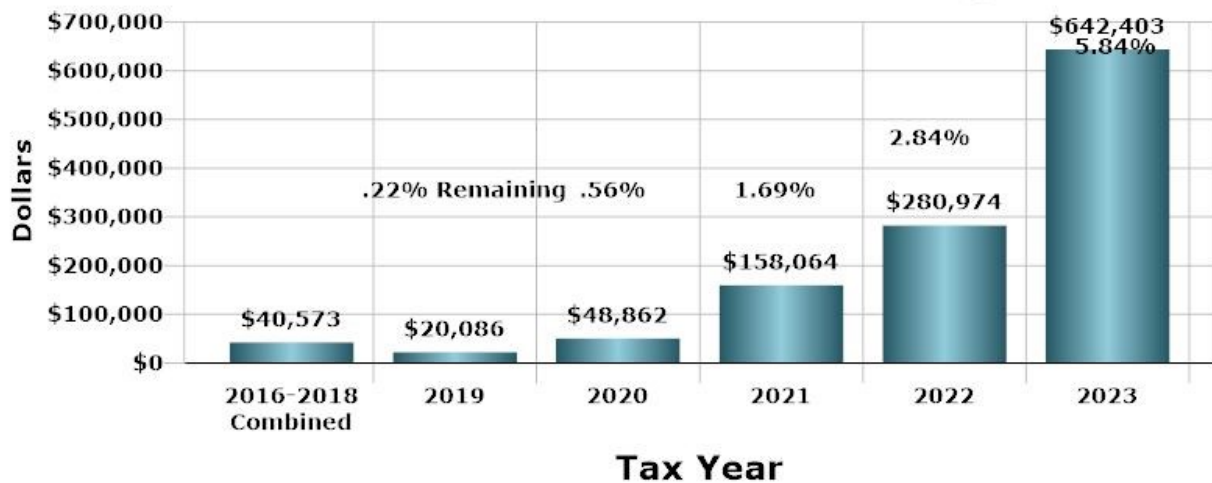
This chart depicts the estimated revenues that were prepared for the 2024 budget. Revenue projections continue to be adjusted throughout each year until October when the final revenue projections are submitted to allow the Tax Rate to be set.

Taxes Committed



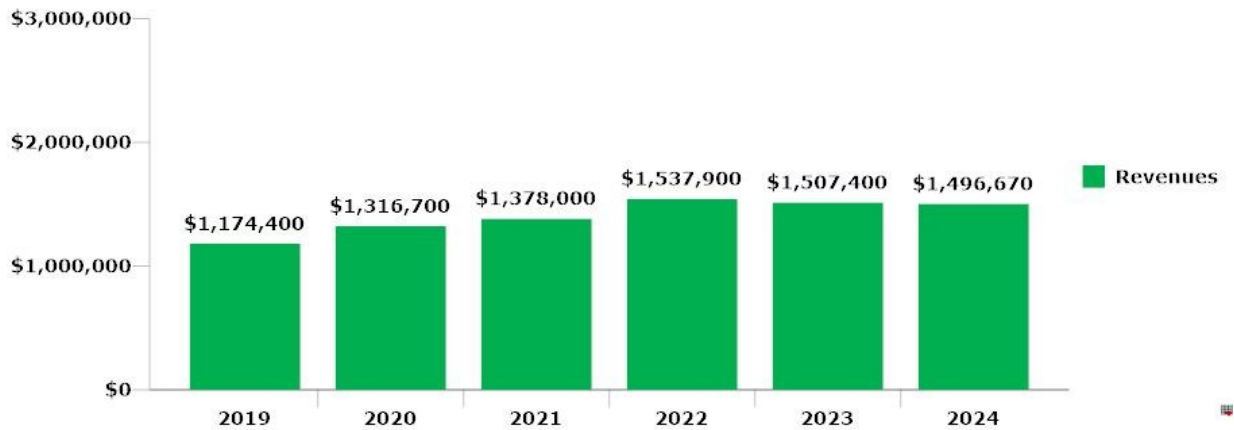
This chart depicts the actual property tax levy for each year. This amount represents the total amount of taxes levied for the local school, town, and county tax needed to meet the appropriations set minus the other anticipated revenues. The amount of taxes committed for 2024 will be set when the Tax 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 2019-2024, other than property taxes.

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

**Thank you for taking the time to read about your Proposed 2024
Town Budget!**