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Shaun Mulholland

Town ADMINISTRATOR

2018 BUDGET OVERVIEW

TOWN OF ALLENSTOWN

**Introduction**

The Board of Selectmen issued a directive to the department heads and board chairpersons to produce their respective proposed budgets for the 2018 Budget by July 31st, 2017. The goal of the BOS is to have a minimal increase in the town portion of the tax rate in 2018. The BOS anticipates cost increases in certain areas such as property liability insurance,

health insurance, implementation of the wage classification system and retirement rates. Department Heads were expected to develop their 2018 Budgets with no increases in their operating budgets other than cost increases due to the implementation of the wage classification system. The wage scales were adjusted for a Cost of Living Adjustment (COLA) for employees in 2018. The wage scales are based on 2014 salary data and have not been adjusted since then. The COLA adjustment amount was based upon the Consumer Price Index at 2%. Some employees will see a salary increase from the wage classification system if they are scheduled for a step increase. There was no COLA increase in 2017. The BOS anticipates the long term budget analysis will focus on the priority objectives of the Town. The Board’s goal is to provide necessary services and minimize the increase in the tax rate for the residents of the town.

The spreadsheet provides an overview of the budgets submitted.

 **Executive Summary**

The proposed 2018 Town budget submitted by the department heads will result in a 2% increase in spending from the 2017 approved budget. This year’s proposed budget is $78,496 higher than last year’s budget.

The areas of significant increase are the Elections & Registrations, Fire, Capital Outlay and Executive budgets. The Elections & Registrations budget was increased due to three elections in 2018 budget year and only one occurred in 2017.

The Board has implemented performance auditing for the main functions of the town. The police department and the functions at town hall were audited in 2015. The fire department was audited in 2016 and the highway department was audited in 2017. Health insurance rates have declined by 10.8%. The changing landscape of health insurance as a result of the Affordable Care Act and increasing health care costs continues to have a major impact on our operating budget. The increase for 2016 was 17% for health insurance. The 2017 Budget saw a net reduction as we changed to a lower cost plan with deductibles and higher co-pays which were partially offset by utilizing a Health Reimbursement Account.

This was the year for road work. 2017 was a year in which we made considerable progress in repairing our roadway infrastructure. The Town received just over $76,000 in additional roadway funds from a one-time appropriation by the State. Just over $30 million in surplus funds from the State budget were distributed to Towns and Cities across the State. The following streets were paved or totally reconstructed in 2017; two sections of Deerfield Rd., Highfield Dr., a section of Birchwood Dr., a section of Clearview Dr., a section of River Rd., Martinson Ln. and Gilbert Rd.

The areas of significant change are as follows:

1. There are decreases in the Personnel line. The anticipated costs for employee health insurance premiums were a major factor. The rate was reduced by 10.8%. Dental insurance saw a 2% increase. The cost of Health Insurance for 2016 was reduced as a result of plan changes, younger employees are taking single plans. We also eliminated a buffer of one of the two family plans which we add to the budget to accommodate employment turnover and plan changes. However the increase in premiums was 17.4% over the 2015 rates. The Town is part of a group of seven towns which pool their buying power together to obtain lower rates. The Suncook Valley Regional Towns Association recently completed a study and made a recommendation to enter into an agreement with Health Trust to continue to provide health & dental insurance for employees. The Board of Selectmen will continue to review proposed changes to the coverage plans that are offered to employees. The NH Retirement System had a scheduled rate increase in July of 2017. Group 1 (non-police and fire) employee rates will increase by 1.88%. Group II (police and fire) will increase by 11.56% for police and 9.36% for fire personnel.
2. The Finance line was decreased by **$19,666.** The reductions are a result of two items. The elimination of the Assessing Clerk position and the contracting of those services to Avitar has reduced our operating costs. The cost of the financial audit was reduced because a single audit is not necessary in 2018. The Federal government requires a single audit when a municipality receives more than $750,000 in grant funds.
3. The proposed Parks & Recreation budget has increased to cover the cost of the new community center which opened in June of 2016. The 2017 budget reflected a full 12 months of operational costs. Further adjustments were made to the 2018 Budget, **$15,410.**
4. The Welfare and Social Services line has decreased by **$15,437**  as a result of the hours dedicated to this function being reduced from 15 hours per week to 5 hours per week.
5. The Building Inspector budget was increased to provide for the wage classification adjustments for the administrative assistant position shared with the fire department. **$1,937**.
6. The ambulance budget had a decrease for the third consecutive year. The reduction was 5%, **$10,406**. This is a result of two factors. The percentage of service used between Allenstown and Pembroke has changed. Pembroke is paying a higher percentage of the cost compared to Allenstown. The payments by insurance companies continues to come in above projections.
7. The Elections and Registration line was increased by 20%, **$3,466** as the number of elections is being increased from one in 2017 to three in 2018.
8. The Police budget was increased by 1% as a result of salary increases in the wage classification system. **$5,293.**
9. Executive line was increased by **$5,074** as result of the restructuring of the welfare administration function. Part of the administrative assistant’s salary is covered by the welfare budget for 5 hours per week. There was also a reduction in the budget for office supplies.
10. The Executive Budget increased by **$21,740** to implement a records management system and payroll increases. The records management system is part of a multi phased project to manage and secure documents. The project will meet the requirements of our MS4 Federal Stormwater Permit and our transparency initiative.
11. Property liability insurance rates decreased by 10%. We have a 10% cap agreement with Primex. The proposed budget reflects the 10% reduction. There was an increase in the workers compensation based salary increases.
12. The Fire Dept. Budget had a 16% (**$47,056**) increase mainly due to salaries. The combined position of Fire Chief/Building Inspector/Health Officer was separated out to individual part time positions for each function. This resulted in cost increases in the Fire Dept. Although a full time position was eliminated in this budget the cost of a part time fire chief replaced it at 28 hours per week. 16 hours per week had to be covered by part time staffing to allow for staffing of two positions M-F 8 AM to 5 PM. Wage adjustments and COLA increases for all fire personnel are reflected in the cost increase as well. There were also cost increases for training, supplies and building maintenance as these areas were not adequately budgeted for in the past.
13. Although the Capital Outlay Budget shows a 24% increase there is no actual increase in capital expenditures. The police vehicle lease account line was transferred from the Police Dept. Budget to the Capital Outlay Budget where all of the other capital expenditures are listed.

**Spending Analysis and Estimated Tax Impacts**

The proposed 2018 Budget proposed by the department heads results in a 2% increase in spending from 2017. The tax rate for the Town for 2016 was $11.36. The tax rate for 2017 is $10.04. This change in rate is mostly as a result of the revaluation. The actual reduction in the tax rate is approximately $.02.

The assessed valuation for 2016 was $249,523,983. The assessed valuation for 2017 is $288,823,373 which is an increase of $39,299,390 or 16%. This is a change in a positive direction however the amount of new inventory was relatively low. The value of properties increased significantly due to the demand in the housing market.

The revenues other than property taxes for 2018 are projected to be relatively flat. The determination of actual revenues for 2017 will be made at the end of this budget year. We always project revenues conservatively to ensure we do not have a revenue shortfall at the end of the year.

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



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.



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. The percent change for 2017 is based on the budget approved by the Board of Selectmen.

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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.

 

This chart depicts the estimated revenues that were prepared for the 2018 budget. We will not know until the end of the year what the actual amount of revenues were for 2017. We have utilized this same projection for 2018 for now. 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.



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 will be set when the tax rate is set.

This chart shows the amount of taxes for a given tax year and the total amount of taxes owed to the town. As you can see the amount of taxes owed in comparison to the total tax levy is comparatively low.





This chart depicts the actual revenues for 2013, 2014, 2015, 2016 and 2017 other than property taxes. The numbers for 2017 are projected conservatively. There is a significant reduction in fines for zoning violations due to one violator that has paid the last installment of fines.

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