**The Budget, Election, and Tax Rate Process**

**A public process open to all Allenstown voters**

**What are the basics of the process?**

Budgets are presented to the BOS, Budget Committee and the general public. *Budgets can be amended by discussion and vote at Deliberative Session.* Budgets are approved or rejected by the voters through a ballot vote at Town Meeting/Local Elections. The tax rate is set by DRA based on the results of the ballot vote. People are elected to office.

**How can I participate in this process as a resident?**

* Attend the preliminary Budget Committee meetings when the various departments are presenting and discussing their proposed budgets. These meetings are always open to the public.
* Review the detailed proposed budgets that are being presented on the various websites such as allenstownnh.gov, the school and SAU websites.
* Run for a seat on the Budget Committee or ask the Budget Committee to be appointed to any vacant seats that may exist.
* Attend the Deliberative Session
* Vote for or against the various budgets and warrant articles in March each year

**What’s the schedule?**

There are three parts –

1. Prepare (over 3 months) and publicize the budget and other items to be voted on during sessions that are open to the public.

2. Hold an open meeting for all voters where the proposed budgets and warrant articles can be discussed, amended and approved for presenting to the voters (Deliberative Session).

3. Election Day (Town Meeting Day) where all voters vote for candidates and yes or no on budgets and warrant articles discussed at Deliberative Session using paper ballots.

**Both the School and the Town use these three steps.**

The School and the Town technically hold separate budget meetings and elections BUT they are usually held on the same day and at the same location, either at the same time or back to back.

**What are the dates, locations and times?**

All events are held at St John Parish Hall

**Public Budget Hearing: Saturday, January 14th- review proposed budgets, 9AM**

**Deliberative Session: Saturday, February 4th- discuss/amend warrant articles, 9AM**

**Town Meeting / Paper Ballots: Tuesday, March 14th- Vote by paper ballots, 8AM-7PM**

**What’s at stake?**

This year’s tax bill as determined by the 2023 tax rate yet to be set and deciding who will supervise the School and Town as elected officers.

**What is the tax rate?**

It is a yearly tax that is assessed on every $1,000 of property value.

**There are four parts to the tax rate.**

**2022**               **2021**           **2020**

The **local school** tax rate is:                                          $10.65          $18.06           $14.89

The **state education** funding tax rate is:                    $0.88             $2.04             $2.03

The **town tax** rate is:                                                      $6.21            $8.55              $9.62

The **county tax** rate is:                                                   $1.76           $2.85              $2.76

**TOTAL TAX RATE FOR PROPERTY OWNERS:       $19.50          $31.50           $29.30**

**LOCAL SCHOOL TAX RATE:** NH Department of Revenue Administration takes the amount authorized by the voters on the school ballot, less any other revenue, and instructs the Town to raise the money for the Schools. If there is **unexpended tax money left over from the prior year, legally, some of it may be spent by the School Board without voter approval**. **The balance of it will be used to reduce the new amount to be raised.** If the School thinks that it will have a surplus, it **may also spend the anticipated surplus before the end of the year to fund other items that were not originally planned for** as long as there is some account in the budget that allows the proposed use.

**STATE EDUCATION TAX RATE:** There is a State Education Tax Rate that is used to raise part of the money for the School. **It is set by the State, not the schools or voters on election day.**

**TOWN TAX RATE:** NH DRA also sets the Town tax rate by taking the total amount needed for the Town expenses and reducing that amount by other income and setting a new tax rate needed to raise enough to fund all of the expenses. The **Town has greater flexibility in keeping unspent money BUT the money can only be spent with voter approval**. The Town of Allenstown usually uses these funds for investment into capital reserves and extraordinary one-time expenditures, but not for normal year-to-year operations.

**COUNTY TAX RATE:** NH DRA also sets the County tax rate that raises the monies for the County services like corrections, County Sheriff and Prosecutor, human services, Registry of Deeds, county nursing home and courts.

The **local** **school tax** – it is **54.6%** of the total Allenstown tax rate for 2022

The **state education tax** that goes to the school – it is **4.5%** of the total

The **Town tax** is **31.8%** of the total

The **County tax**– it is **9%** of the total

**Who sets the tax rate?**

The setting comes from the NH Department of Revenue Administration (DRA) after the Town, School, County and State tell DRA what is due each year, usually in the fall. All of these amounts are on a single property tax bill that taxes Allenstown property and is sent and collected by the Town for all four entities. ***The tax rate changes each year.***

**How does the Town tax your property?**

The total tax rate set by DRA for 2022 is $19.50 per thousand of valuation. We will get 2023’s tax rate in the fall of 2023. On a $250,000 house, that would be $19.50 times 250.0 (thousands) or $4,875.00 in total taxes.

The math would be 250 (house value÷1,000) x $19.50 (tax rate) = $4,875.00 (Taxes due)

What does each individual tax rate actually cost on a $250,000 house?

**Local School**  $2,662.50

**State Education**  $220.00

**Town**  $1,552.50

**County**  $440.00

**TOTAL:**  $4,875.00

**What does the public get for their tax dollars?**

The taxes that we pay fund most of the operations of the Town, School and County such as:

-Police, Fire, and emergency services and equipment

- School buildings, teachers and programs for our children

- Plowing, paving, equipment and maintenance of our public roads

-Garbage collection and disposal at the Transfer Station

-Town Hall services

-Building and community development services

- Nursing homes, county jail and county law enforcement

**What is the Town or School budget?**

**What is it?**

It has two parts; an **expense budget** that explains in detail how much money will be spent and how it will be spent. It also has an **income budget** that explains where the money will come from. **Budgets will be in the Town and School Reports as well as on Town, School and SAU 53 websites.**

**Who prepares the expense budget?**

Departments (Fire, Police, Highway, Administrative, Building, Clerk)

Management (Town Admin. or Superintendent in conjunction with their Finance Administrators)

Governing Board (Board of Selectmen or School Board)

Budget Committee

Voters at Deliberative Session (usually approve/amend Total Appropriation only)

**Who approves the budget?**

The **Allenstown** **voters approve the total dollar amount to be spent**. They usually do not approve a specific expenditure. The governing boards and management manage the day-to-day expenditure of funds within the total amount authorized by the voters. Even though both the School and the Town have published budgets that have hundreds of lines, the **boards and management may move monies between those accounts as long as the total stays within voter approval.** The Town and School each have hundreds of budget lines.

**What are Capital Reserves in the Budget & how do they affect equipment**

**purchases?**

**A capital reserve account is like a savings account where the Town or School can save up money** for unexpected expenses or very large expenditures that would be unaffordable in a single tax year. **The money is usually restricted as to use and who can authorize the spending**. Most capital reserves that the Town maintains can only be spent with voter approval.

**Why have capital reserves?**

Say a fire truck cost nearly $300,000 and must be replaced every 30 years. If a particular tax year had the full cost of this truck, it would result in a large tax increase. To avoid that, we ask the voters to put away a much smaller amount of money each year to fund all of our fire equipment purchases in a capital reserve fund explicitly created for this purpose.

**Why use unassigned fund balance to fund capital reserves?**

There will be a future explanation of **unassigned fund balance**, but it is easy to think of unassigned fund balance as a surplus, coming from one of two sources. The Town either under spends the budget or it comes from getting in more revenue than expected.

We know what the fund balance is by the end of each year so we take the unspent money and surplus revenue and put it into the capital reserve accounts. Alternatively we could put a separate line in the budget to raise funds to go into the Capital Reserves, but using the unassigned fund balance means that if we ever have a situation where we can’t afford funding the capital reserves, we can defer it a year and make it up in the next year.

**Why not lease equipment?**

Some Towns have Capital Improvement Programs and use lease purchasing to acquire major equipment. While we have a Capital Improvement Plan, we try to fund it each year with deposits to the capital reserve accounts. We have used lease purchasing in the past, and that practice costs thousands of additional dollars each year for interest payments.

**What about Petitioned Articles?**

People or organizations may submit Warrant Articles to raise and appropriate funds for items that are not in the big general appropriation. Petition Articles do not come from the Board of Selectmen, School Board or the Budget Committee.

**How have operating budgets changed this year?**

One way to see how a budget has changed from last year is to compare the amount budgeted for a particular line with the actual amount spent for that line along with the proposed amount on that line for the upcoming budget year. Looking at these three numbers will allow you to see major changes. You can ask questions about these changes at the Public hearing or at any Budget Committee meetings during the budgeting process.

**You know about expense, now consider Income.**

By law, there is a requirement that both the School and the Town show estimates of income. **Non-property tax Income is important because it will offset the expense and lower the tax rate.** The School prepares a State DRA MS 27 form and the Town prepares a DRA MS 737 form that shows last year’s income (or revised estimate) as well as the estimated income for the new year.

**\*There must be enough income to cover all expense. *There may be more than enough.***

A portion of the Town income applied to the Town budget (including capital reserves and equipment purchases) comes from non-property tax revenue that includes Motor Vehicle Fees, Meals & Rooms Tax Revenue, & Grants.

**What is an Unassigned Fund Balance?**

The Unassigned Fund Balance contains funds that have not been spent or excess revenue not needed to cover expenses. This Fund Balance has not been set aside for other purposes.

• **Why spend it on Capital Reserves?** We ask you to set this money aside so that it will be available to make large purchases without relying on a future tax increase.

• **Who approves the use?** The voters approve putting it in Capital Reserves and taking it out.

**What is the School Unassigned Fund Balance?**

As with the Town, it is the excess revenue and unspent money that was approved for expenditure.

**What is it used for?**

**There are two purposes that are allowed. It can be kept and used for emergencies or unexpected needs for up to 2.5% of the net assessment. If it isn’t kept for this purpose, it will be applied towards the amount that needs to be raised for taxes in the following year.**

***Anything else you should know?***

* **School Board Members, Select Board Members and Budget Committee Members must be registered voters from Town and are elected to their positions by all of the voters who participate in the March elections.**
* **Legally, the School or Town can divert unspent money from one account to another before the end of the fiscal year and it never becomes part of the unassigned fund balance.**

**How does Deliberative Session work?**

**What is the Deliberative Session?**

It’s a meeting open to all town residents where the **items to be voted on are discussed. Questions can be asked. Suggestions can be made. The voters will have the opportunity to approve Articles for ballot or amend the Articles for the ballot as they are discussed.** The Articles are usually taken in order. After all of the Articles have been read, discussed, possibly amended and then approved, the Articles will be finalized for voting by paper ballot in March.

Deliberative Session for 2023 is on **Saturday, February 4th at 9 AM**. The first part of the session is for all **Town related issues** including the Town budget for this year. It will be held at the **St. John’s Parish Hall.** Any registered voter may attend and the moderator reads each Article and coordinates the discussion and action by the voters. The Board of Selectmen, the Budget Committee, the Town Clerk and the Town Administrator attend.

The second part of the session is for all **School related issues** including the School budget for next year. The Superintendent, School Board, School Clerk and Budget Committee usually attend. The moderator reads each Article and coordinates the discussion and action by the voters.

At these meetings, the proposed budgets are discussed and approved or amended in preparation to be presented to the voters in March.

**On Town Meeting Day, Tuesday, March 14th, 2023, all Allenstown registered voters have the right to vote yes or no on the budgets – both Town and School. *The proposed budgets and warrant articles presented on the ballot will be set by the voters who attend the Deliberative Sessions.***