

PUBLIC HEARING ON BOND ARTICLE

Article 15: Are you in favor of the Town raising and appropriating the sum of up to \$400,000 for the engineering, design, construction and installation of improved treatment process equipment to remediate the water system's Total Trihalomethanes issue and to authorize the issuance of not more than \$400,000 of bonds or notes in accordance with RSA 33, the Municipal Finance Act and authorizing The Sunapee Board of Selectmen to issue and negotiate said bonds or notes and to fix the date, maturities, denominations, interest rate and other details of said bonds or notes; and to authorize The Sunapee Board of Selectmen to apply for, accept and expend any grant funds that are available for such purpose?

Without impairing the general obligation of the Town to repay such bonds, the Sunapee Water and Sewer Commission will collect through water bond fees, any amounts necessary to support repayment of 100% of the project cost. *The Board of Selectmen recommend this appropriation.* (3/5 majority vote required)

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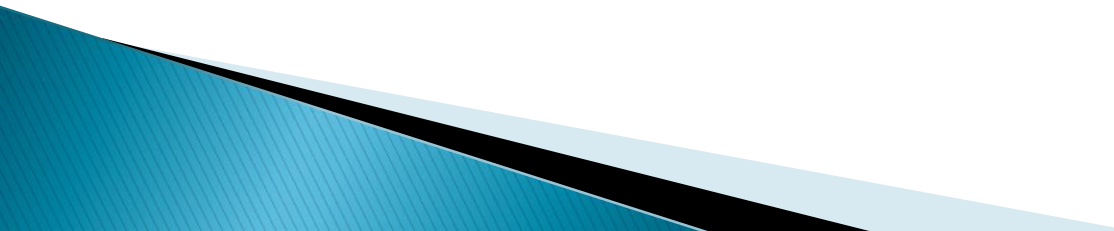
Article 16: : Are you in favor of the Town raising and appropriating the sum of up to \$30,000 for establishing an Asset Management Plan for the Sunapee Sewer Department, that will qualify the Town for federal and state funds, such sum to be raised by the issuance of serial bonds and notes not to exceed \$30,000 under and in compliance with the provisions of the Municipal Finance Act (NH RSA 33:1 et. seq., as amended) and to authorize the Town to issue and negotiate such bonds or notes to determine the rate of interest thereon, and to take such actions as may be necessary to effect the issuance, negotiation, sale and delivery of such bonds or notes as shall be in the best interest of the Town, additionally to authorize the Town to apply for and accept grants or other funds that may reduce the amount to be repaid and participate in the State Revolving Fund (SRF) RSA 486.14 established for this purpose, and to allow the Town to expend such monies as become available from the federal and state governments and take appropriate action relating thereto. It is anticipated that the Town will receive up to \$30,000 in principal forgiveness, with no impact on the sewer user rate or tax rate. *The Board of Selectmen recommend this appropriation.* (3/5 majority vote required)

2020 Town of Sunapee

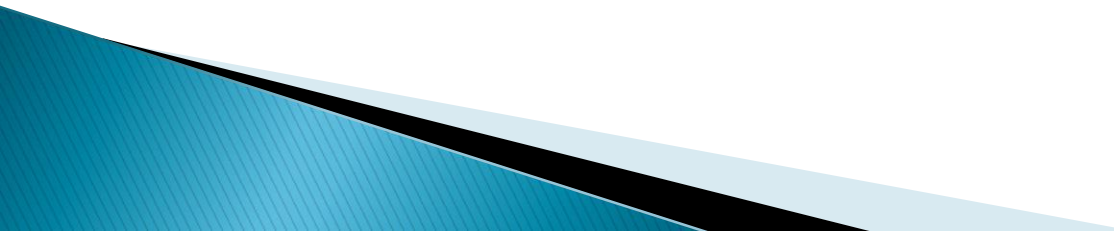
Budget Hearing

Required to hold one public hearing on the budget

Rules of Budget for 2020

- ▶ Selectmen hold the public hearing
 - ▶ Notice given at least seven days in advance
 - ▶ All purposes and amounts must be either discussed or disclosed at the hearing
 - ▶ Budget for Town can only be finalized by BOS at conclusion of public testimony
 - ▶ Remember this is only the Town Portion of the Tax Rate
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Gross Budgeting

- ▶ State law requires all appropriations to be stated on “gross basis”
 - ▶ “Raise and appropriate” is a required clause
 - ▶ DRA will invalidate appropriations that fail to follow rules
 - ▶ Separate warrant articles not included in operating budget article
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Sample of "Line Items"

MS-6

Budget - Town of _____ FY _____

1	2	3	4	5	6	7
Acct. #	PURPOSE OF APPROPRIATIONS (RSA 32:3,V)	OP Bud. Warr. Art.#	Appropriations Prior Year As Approved by DRA	Actual Expenditures Prior Year	Appropriations Ensuing FY (RECOMMENDED)	Appropriations Ensuing FY (NOT RECOMMENDED)
GENERAL GOVERNMENT			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4130-4139	Executive					
4140-4149	Election, Reg. & Vital Statistics					
4150-4151	Financial Administration					
4152	Revaluation of Property					
4153	Legal Expense					
4155-4159	Personnel Administration					
4191-4193	Planning & Zoning					
4194	General Government Buildings					
4195	Cemeteries					
4196	Insurance					
4197	Advertising & Regional Assoc.					
4199	Other General Government					
PUBLIC SAFETY			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4210-4214	Police					
4215-4219	Ambulance					
4220-4229	Fire					
4240-4249	Building Inspection					
4290-4298	Emergency Management					
4299	Other (Incl. Communications)					
AIRPORT/AVIATION CENTER			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4301-4309	Airport Operations					
HIGHWAYS & STREETS			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4311	Administration					
4312	Highways & Streets					
4313	Bridges					
4316	Street Lighting					
4319	Other					
SANITATION			XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
4321	Administration					
4323	Solid Waste Collection					
4324	Solid Waste Disposal					
4325	Solid Waste Clean-up					
4326-4329	Sewage Coll. & Disposal & Other					

MS-6
Rev. 07/07

2020 Budget

Correction to Budget from Presentation and ABC report.

During the process of working thru the line items to determine the default budget it became apparent that the operating budget for 2020 did not contain the expense for the full year of NH Retirement for the Police department. This was a simple scribner error that no one noticed during the review of the budget. We need to add to the budget the amount of \$13,132. This is a contractual obligation and is contained in the default budget as well as increasing 2020 Requested 01-4210-54-232

NOTE: this \$13,132 change will be the ABC report difference in this presentation.



Operating Budget

- ▶ \$7,940,054 Budget including Enterprise Funds
- ▶ \$5,949,509 General Government Operating (GGO)

- ▶ Operating Budget is overall same as 2020 with adjustments as follows:
 - Normal increase to salary is to use the number that comes out mid November (October change from previous year) as the Northeast CPI-U (1.5%) The percent when we prepared the budget was 1.4% which was September's change and that is what is contained in the budget.
 - Cost of Living Proposed for 2020 GGO 1.4% at a cost of \$43,573

Operating Budget

Larger Contract Services changes for 2020

- ▶ New London Dispatch stayed in the same range for 2020
- ▶ Software improvements/annual contracts also annually stayed stable as software upgrades were purchased from the Computer System Upgrade Capital Improvement Fund
- ▶ Joint Assessing increase of \$4,426
- ▶ Ambulance: increase of 3% \$2,947
- ▶ Library: Additional annual maintenance \$5000
- ▶ Transfer Station Paving overlay \$10,000
- ▶ Police Outfit and Equip 2 new police cars \$10,000
- ▶ Fire Department Restructure \$34,000
- ▶ Highway Winter Sand and Salt increased \$20,000
- ▶ Note: Custodian positions from Safety Services and Town office and Highway department moved into the General Government Buildings account numbers.

Operating Budget

- Overall Health Insurance Premiums increased by 7.4%, , employees contribute 10% of the health insurance premium in 2020 in addition to the first half of their deductible.
 - Salary plus rollups change GGO from 2019 \$42,412
- Increase in 2020 General Government operating budget up \$182,073 or 3.2%
 - Additional Information for 2020
 - We will be including a revenue item of approximately \$30,000 that is included in the State's Biennial budget. Exact formula is not announced yet, part of 20 Million Mutual Aid.
 - Expenditure Summary notes includes 2020 operating budget increases voted on in 2019 for \$10,000 for Records Preservation
 - \$21,520 expense for the Full Time Police Secretary position.
 - increased number of elections that cost an additional \$10,000 in 2020.

Operating Budget Process

- 2020 proposed Warrant Articles raise \$484,200 in new tax dollars:
 - 2019 Warrant articles raised \$446,520
 - 2018 Warrant articles raised \$600,000
 - 2017 Warrant articles raised \$485,000
- Enterprise Fund Notes
 - All Enterprise Funds contain all benefits similar to the GGO budget
 - Additional \$50,000 in Hydro for maintenance improvements required by FERC

ABC Committee Report

- ▶ Linda Tanner: Chair of the Town ABC Committee

- David Cahill: Vice Chair

Kevin Cooney

Chris Whitehouse

Veronica Hastings

Aaron Warkentien

Betty Ramspott

Dan Ruggles

Scott Hazelton

Scott Blewitt

Josh Trow

Sue Gottling

John Augustine

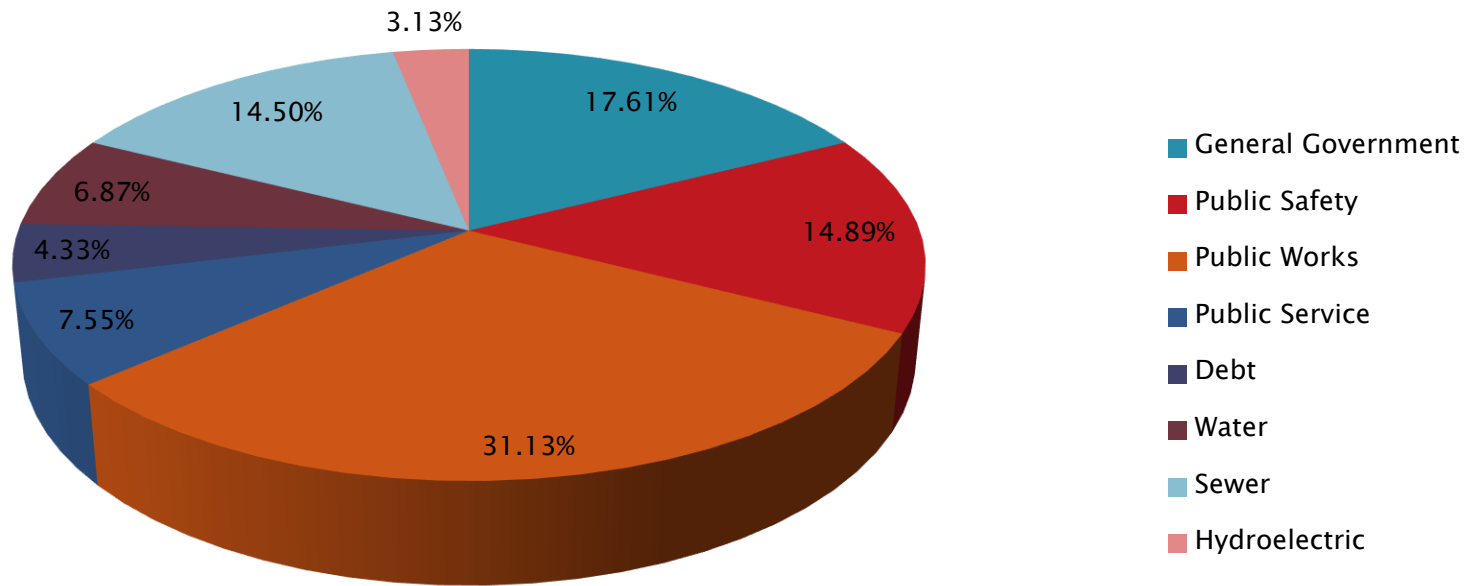
Fred Gallup

Shane Hastings

Scott Ritzmann

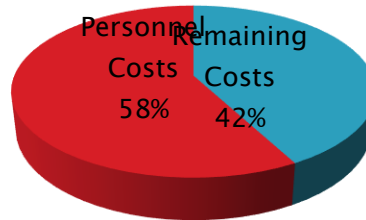
Mindy Atwood

Components of Operating Budget 2020



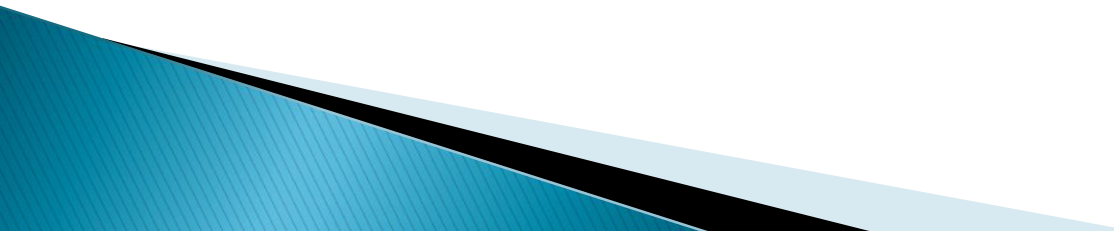
Personnel vs remaining costs

Total General Government



Default Budget

\$7,814,727

- ▶ Because we are a SB 2 community a default budget must be included with operating budget article and disclosed at Public Hearing
 - ▶ Default budget is not last years operating budget
 - ▶ An operating budget is total appropriations excluding special and separate warrant articles and a default budget is the amount of the same appropriation with some adjustments.
 - Increased by Debt Service, contracts or other obligations previously incurred or mandated by law
 - Reduced by one time expenditures contained in the operating budget
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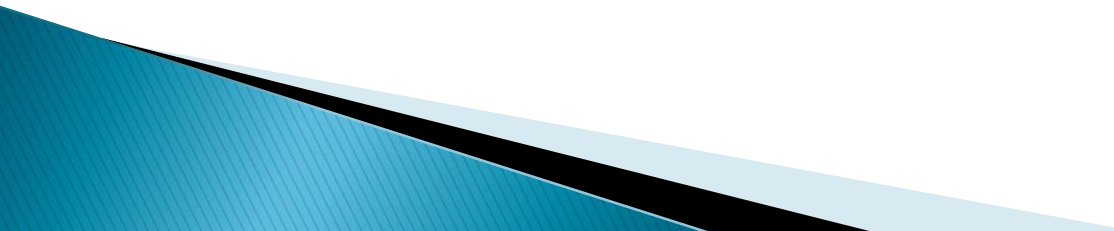
Relationship of Default Budget to Operating Budget

- ▶ Normally would not compare as differences more obvious
- ▶ As I explained default is last year's budget with adjustments. Includes entire gross budget adjusted by default rules. Included is Water, Sewer and Hydro even though they are enterprise funds adjusted by the same default rules.
- ▶ Difference between Operating Budget Proposed and Default Budget is \$125,327
 - General Government w/o utilities \$105,852

Warrant Articles

- ▶ Articles for the warrant fall into a couple of categories
 - Capital Reserve: In and Out
 - Money is raised and appropriated annually to fund Capital Reserve accounts in order to balance the tax rate for large expenses that in a single year would greatly impact the tax rate
 - Money can only be spent from a Capital Reserve Account for the purpose that the fund was established.
 - Only town meeting can set up a Capital Reserve Account and designate agents to expend
 - If no agent to expend then must come to Town Meeting to take the money out for the specific purpose

Warrant Article explanation cont.....

- ▶ Appropriations that may need individual explanations
 - ▶ Articles that ask to spend fund balance money (amount that is carried from one year to the next)
 - ▶ Article that could be included in the operating budget but not sure how the voters feel and don't want to jeopardize the operating budget passing.
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2020 Town Warrant Articles Summary

2020 Town Warrant Articles Summary				
			Revenue Offset/No increase to tax rate	Projected Capital Reserve Balances December 31, 2019
Description	Amount	New Tax dollars raised in 2020		
TTHM Remediation Article (Water Users Paying)	\$400,000		\$400,000	
Budget Authorization				
New Harbor Boat Launch from Hydro	\$200,000		\$200,000	
Add to Highway & Transfer Station Equipment Capital Reserve	\$135,000	\$135,000		\$154,438.29
Add to Used Highway Equipment Capital Reserve	\$25,000	\$25,000		\$27,754.23
Add to Town Buildings Capital Reserve Fund	\$40,000	\$40,000		\$70,427.48
Add to Fire Equipment Capital Reserve	\$115,000	\$115,000		\$352,359.38
Add to Bridges Capital Reserve	\$50,000	\$50,000		\$170,198.79
Add to Dirt Roads Paving Capital Reserve	\$25,000	\$25,000		\$15,306.74
Conservation Fund **	\$55,000	\$55,000		
Add to Milfoil Control Non-Capital Reserve Fund	\$5,000	\$5,000		
Cemetery Trust from Fund Balance	\$800		\$800	
Purchase Hwy Truck (H-18)	\$110,000		\$110,000	
Route 11 Project from Fund Balance	\$27,000		\$27,000	
Design & Permitting Water & Sewer Service to Hwy Garage Building from Fund Balance	\$16,000		\$16,000	
Asset Management Article (Sewer)	\$30,000		\$30,000	
Full Time Library Aide III	\$34,200	\$34,200		
TOTALS:	\$1,268,000	\$484,200	\$783,800	
*\$673,930 new tax dollars raised in 2007		\$370,000 new tax dollars raised in 2014		
*\$408,350 new tax dollars raised in 2008		\$105,000 new tax dollars raised in 2015		
*\$407,300 new tax dollars raised in 2009		\$250,000 new tax dollars raised in 2016		
*\$348,152 new tax dollars raised in 2010		\$485,000 new tax dollars raised in 2017		
*\$358,300 new tax dollars raised in 2011		\$600,000 new tax dollars raised in 2018		
*\$335,300 new tax dollars raised in 2012		\$446,520 new tax dollars raised in 2019		
*\$607,300 new tax dollars raised in 2013				
Projected Capital Reserve Balances are based on Authority to Expend duly approved and				
expenditures known. These are provided as information only and are not actual balances.				

Town Tax Rate Calculation

▶ 2019 TOWN PORTION

▶ Appropriations	\$ 8,879,001
▶ Less: Revenues	\$ -4,193,788
▶ Less: fund bal reduce tax	\$ -300,000
▶ Less: fund bal voted	\$ -21,600
▶ Add: Overlay	\$ 29,370
▶ Add: War Service Credits	<u>\$ 81,500</u>
▶ Net Town Appropriation	\$4,474,483
▶ Town Tax Rate	\$3.58

Calculating a tax rate

- ▶ Need to know Grand List
 - 2019 Grand List including utilities
 - \$1,247,348,517
- ▶ Net amount to be raised by taxes
 - \$4,474,483
- ▶ Divide by the grand list leaving off the thousands
- ▶ Nets the \$3.58 from 2019

2020 Town Tax Rate Calculation

▶ Appropriations	\$	7,940,054
▶ Proposed Warrant Articles	\$	484,200
▶ Less: Revenues	\$	-3,514,830
▶ Less: Fund Balance	\$	- 300,000
▶ Add: Overlay	\$	35,000
▶ Add: War Service Credits	\$	81,500
▶ Net Town Appropriation	\$	5,025,624
▶ Town Tax Rate	\$	\$4.03

*Rate increase \$.45 using 2019 property values

Unrestricted Fund Balance Retainage

- ▶ GFOA Standards recommend at a minimum, “general purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating expenditures”
 - 2019 2 months worth
 - \$3,651,572
 - History of Retainage
 - 2015 \$1,685,625 8.67% \$300,000 used to reduce taxes
 - 2016 \$1,938,927 9.81% \$300,000 used to reduce taxes
 - 2017 \$1,698,956 8.18% \$350,000 used to reduce taxes
 - 2018 \$1,978,457 9.41% \$400,000 used to reduce taxes
 - 2019 \$1,637,791 7.48% \$300,000 used to reduce taxes
 - Policy of Selectmen
 - The Town will strive to maintain an unassigned fund balance in its General Fund equal to 5–17% of the total appropriations of the community (this is calculated by adding the municipality’s appropriations, the statewide enhanced education amount, the local school net tax commitment, and the county appropriation). The Board of Selectmen will review this information each year in order to determine the amount, if any, of unassigned fund balance to use to balance the budget and to reduce the property tax rate.

Deliberative Session

- ▶ **When**
 - Tuesday, February 4, 2020 7:00PM
- ▶ **Where**
 - Sunapee Middle High School Gymnasium
- ▶ **Why**
 - To discuss and to amend, if deemed appropriate articles 15 thru 31

**Voting by Ballot, Tuesday March 10, 2020 at the
Sherburne Gymnasium from 8:00 am to 7:00 PM**



Warrant Article 1

- ▶ Election of Town Officers
- ▶ Filing period is January 22 thru January 31

QUESTIONS

- ▶ Any questions on the Slide show or discussion of what is included in the budget can be asked with an email to the Town Manager at Donna@town.sunapee.nh.us or please call Donna Nashawaty at 763-2212
 - ▶ Thanks
 - ▶ Donna
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