

Moultonborough

2024/2025 Town Budget

Recommendations and Comments



Advisory Budget Committee

April 15, 2024

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To the Members of the Select Board, Town Administrator
Moultonborough Town Hall
Moultonborough, New Hampshire 03254

Moultonborough's Advisory Budget Committee (ABC), established in July 2008, is an appointed volunteer body whose mission is to provide the community and governing bodies with independent review and objective analysis of the annual budget. At the time of this writing the Committee does believe that the 2023/2025 budgets as reported herein are substantially complete. We will continue to monitor all additions or deletions. Please be aware that the views in this report are not always unanimous.

Budget Summary:

At the time of this report, the proposed total Town Operating Budget for Fiscal Year 2024-2025 is \$10,842,086 versus \$10,067,658 for the prior year. The 2024/2025 budget represents an overall increase of \$774,428 or. 7.7 %. The year over year increase is primarily attributable to Public Safety (fire \$446,362 representing an annual percentage increase of 30.5% and police \$231,287 representing an annual percentage increase of 11.8%). The remaining operating department budgets increased \$96,779 representing a 1.5% increase.

The major drivers representing the increases in this year's budget are as follows:

- Fire: includes salary and benefits for six additional firefighters. Voted in affirmative at last year's Town meeting was the transition to seven by twenty-four full-time fire coverage.
- Police: Full salary and benefits for all full-time positions. This past year has been a year of rebuilding with several prior year open positions successfully filled.
- All other operating departments: A 4 % salary increase, and related benefit costs were granted to all non-union employees. Offsetting the salary increases were favorable year over year reductions in salt, sand, and utility costs.

No other major operating initiatives are included in the 2024/2025 budget.

The Capital and Capital Reserve Fund Budget for 2024/2025 is \$4,712,000 of which \$3,387,500 is to be taxpayer funded, \$1,167,500 funded from unreserved fund balance and \$157,000 grant funded. Major capital projects include the following:

• Road projects:	\$1,493,000 from taxation; \$250,000 fund balance
• Fire truck:	\$550,000 from taxation; \$467,500 fund balance.
• Milfoil:	\$150,000 from taxation
• DPW garage bay:	\$350,000 from fund balance
• Skid steer:	\$90,000 from taxation.
• Backhoe:	\$200,000 from taxation

• Dump truck	\$43,000 from taxation; \$157,000 grant funded.
• Fire Chief Vehicle	\$65,000 from taxation
• Police interceptor utility	\$89,000 from taxation
• Sewer feasibility study	\$30,000 from taxation
• Compactor	\$40,000 from taxation
• Columbarium reserve	\$100,000 from fund balance
• Fire Equipment fund	\$250,000 from taxation
• Municipal Building fund	\$100,000 from taxation
• Police cruiser fund	\$50,000 from taxation
• Other misc. reserves	\$237,500 from taxation

Requests for charitable contributions received to date amount to \$138,535. pending a favorable vote at the Town Meeting all requests will be taxpayer funded.

Estimated budget revenues for 2024/2025 are \$3,257,000. All revenue lines were reviewed and appear reasonable.

OBSERVATIONS & COMMENTS:

The ABC would like to provide observations and comments on the following issues, some of which are repetitive from prior reports.

- **Capital Planning:** We are pleased to see that the Town has once again made an effort to fund capital reserve funds that have been neglected in recent years. Funding capital reserves ensures that funds are available for the purchase of big-ticket items without causing spikes in the tax rate. We recommend that the Selectboard, Town Administrator, Capital Improvement Committee and Department heads undertake a detailed review of capital funding requirements anticipated for the next five-to-ten-year period and establish appropriate annual contributions to the capital reserve funds. Capital project planning is done to estimate what needs replacing when and generally uses an industry standard schedule for replacement, with estimated costs adjusted annually for inflation. When performing this long-range planning, department heads have no way of knowing what the condition of the items will be at the end of their normal life cycle. As the scheduled replacement date moves closer for any given capital item, we would encourage department heads to consider performance criteria and conditions each year and not recommend replacement simply on the basis of a replacement schedule.
- **Regional Solutions:** Like the proposed preliminary regional sewer study, we need to continue looking at regional collaborations in an effort to provide all the services our community members have come to expect. The time is rapidly approaching when our small towns will find it increasingly difficult to provide the funding, equipment, and trained personnel to provide these services. The Town has successfully regionalized its ambulance service over the past several years. In addition, the town has previously entered into a joint effort to eradicate Milfoil with Tuftonboro and Wolfeboro, entered into a joint agreement to share Code Enforcement services with Holderness for a few years and had

merged its' Visiting Nurse program with Meredith/Center Harbor. The Committee continues to believe that there are other opportunities that could jointly benefit both the Town of Moultonborough and its neighboring communities (economically and through expanded service offerings). Other disciplines that may lend themselves to regionalization might include Town Prosecutor, Recreation, Senior Services, Welfare, Legal Services, Assessing, Police Dispatch and Waste Disposal. We encourage the Town to actively explore such opportunities. Additionally, the town should continue to explore opportunities to combine services with County Administration and Operations where feasible. Moultonborough funds approximately 25% of the total County budget and should look to receive commensurate services. We further suggest that preliminary steps be taken to look at what regionalization of one department, be it fire, police, DPW, or recreation might look like, and to open conversations with neighboring towns about the same.

- **Misc. Revenue:** Given the current economic trends and rising inflation, the Committee suggests that the Town undergo a review of all miscellaneous revenue generating sources to include, but not limited to, transfer station fees, land use fees, building and code fees, dump and beach stickers, late fees, recreation program fees, cemetery fees, boat launch fees, library fees, Lions club rental fees, etc.
- **Recreation Revolving fund:** In prior year reports, the ABC has recommended dissolving the Recreation Revolving Fund. Originally, this fund was set up simply to expend donations received from the Friends of the Recreation Group. It later became a revolving fund that allowed the Recreation Department to record all revenue and expenses associated with the programs in a segregated fund outside of the general operating fund. We do believe that the revolving fund has outlived its purpose, but a warrant article to liquidate the account was defeated at last year's town meeting. We still believe that running all revenues and expenditures through the Town's general operating accounts would allow for greater transparency and streamlined accounting. Given that the revolving fund is still with us, we are pleased to see that the Recreation Department is taking steps to fully record all expenditures chargeable to any of its revenue-generating programs, including labor costs. We expect this practice to significantly reduce the large balances carried forward year to year.
- **Health Benefits:** Although Town retirees pay for their own insurance, many choose to remain on the Town's health plan, and their increased use of medical services translates into increased premium costs for the whole group. We are pleased to see that NH Municipal is now planning to move all municipal and school retirees to their own group, which should help moderate premium increases going forward. To ease the transition for our retirees, the Town might consider providing them with contact information for the state sponsored ServiceLink system. Now that the Town has moved to a fiscal year, the possibility of combining the town and school groups could also be explored, as it might yield some cost savings to both groups.

- **Library Accounting:** Currently, the Town performs all of the accounting for Library salaries and benefits, while payments for books, media, materials, supplies, utilities, and maintenance contracts are made via the Trustee's account, resulting in two different accounting systems. This makes it difficult to present a single unified set of books for budgeting, reporting, and auditing purposes. We strongly recommend that the library use the town's accounting system for payment of operating expenses going forward. The library would still maintain control over approval of all expenditures and invoices. The Town would provide the accounts payable/ bookkeeping function.
- **Fund Balance:** As much as we all like to see our tax bills reduced, we would like to caution the Selectboard against applying large amounts of fund balance to reduce taxes. Between the large amount returned to lower 2022 taxes and the large increase in property assessments, 2023 tax bills spiked, and taxpayers were justifiably upset, regardless of warnings given in advance. It might better serve all concerned to apply fund balance to approved one-time capital expenses as was done this year in the proposed 2024/2025 budget as opposed to reducing the aggregate amount of money utilized to set the overall tax rate in the ensuing year.

Conclusion: We believe the departmental operating budgets as presented represent a fair assessment of the cost to operate the Town under its current organization based on needs rather than wants.

Both Municipal and School budgets seem to be ever increasing. We need to work together to balance the needs and resources to ensure that the Town continues to be a vibrant and prosperous Community for all our residents.

Respectfully submitted,

Kay Peranelli – ABC Chair

Moultonborough Budget Advisory Committee

Members:

Joe Adams	(Member at Large)
Kay Peranelli	(Member at Large)
Mary Philips	(Member at Large)
Linda Murray	(Alternate at Large)
Jean Beadle	(Select Board Representative)
Kathy Garry	(School Board Representative)