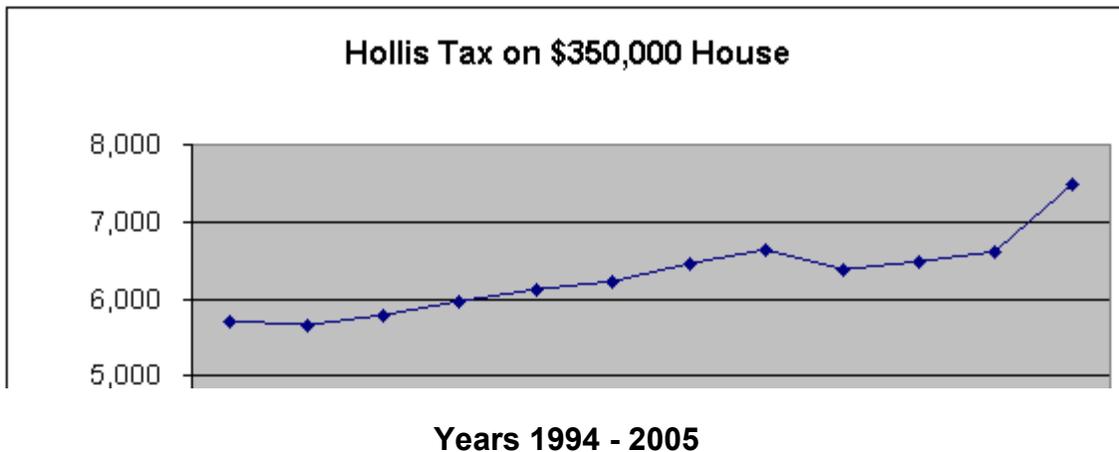
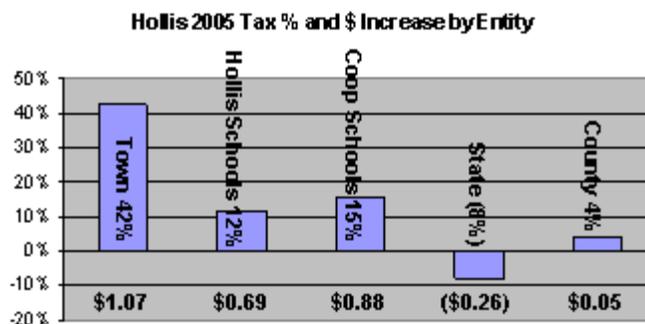


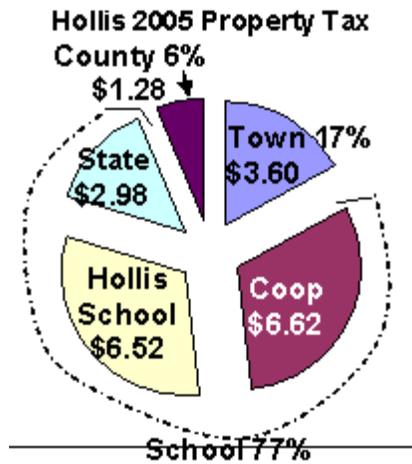
BUDGET COMMITTEE ANNUAL REPORT 2005

The purpose of the Budget Committee is to assist the voters in the prudent annual appropriation of public funds. The committee draws its authority from NH RSA 32:1. In serving its role, the Budget Committee weighs the needs of the community for public services with the ability of the community to afford those services. The committee tries to strike a balance between the needs for services and affordability, paying particular attention to the long term impact on the tax rate. Since 1990 the Budget Committee, with the cooperation of the Selectmen and the School Board, has tried to keep the tax rate increase close to that afforded by the *increase in total town valuation and the rate of inflation*. The ~ 13.1% (~\$866) increase in taxes during 2005 comes after an extended period of years in which tax increase averaged under 2% (~\$84). The graph below depicts the change in the tax bill of an 'average' \$350,000 house over the last 12 years. (The tax bill is for the total tax including the coop and the county as well as Hollis town and schools. It is a composite of 15 specific properties from different parts of town.)



The recent suppression in the tax rate was due in large part to the State education grant which, as predicted, has begun being reduced *and which is anticipated to be phased out for Hollis over the next few years*. The following two graphs provide some insight into what is driving the 2005 tax increase. The first graph illustrates the tax increase attributable to each municipal element of our local tax rate. The bottom graph depicts the contribution to the tax rate by each municipal element. The recent open land acquisitions represent 2% of the rate.





The process followed by the Budget Committee to develop a recommended budget begins with the committee providing recommended budget amounts to the Selectmen and the School Board. These amounts are calculated considering the increase in the town and school populations, changes in the demands for services, the rate of inflation and the anticipated change in total town valuation.

The School Board and the Selectmen develop recommended budgets based on providing a level of service, sometimes incorporating new services. The initial budgets and associated Warrant articles are frequently higher than what the Budget Committees thinks is affordable. After considerable discussion and a number of meetings, we come closer to an agreement. At this time public hearings are held on the suggested budgets. At the public hearings the citizens of Hollis have the opportunity to present their positions on the balance between the suggested services and the cost of those services. Weighing citizen input at the public hearings, the points brought forward by the Selectmen and the School board and the affordability of the proposed budgets, the Budget Committee establishes recommended budgets which are then presented to the Town and School District meetings for approval or modification by the voters.

Looking forward, the Budget Committee anticipates several items which may have a significant impact on our tax rate. The State 'grant' to Hollis, this year, anticipated to be reduced from \$1.6M to ~\$1.3M, will be diminishing, per current law, toward zero in future. This is having an impact on our taxes. Payments toward the public debt, which has recently increased substantially, will begin a gradual decline as it is paid off. Proposed additional land acquisition, if adopted, will add to the debt. This year proposed Hollis school and town budgets are once again moderate.

Respectfully submitted,

Michael Harris, Chair, Hollis Budget Committee