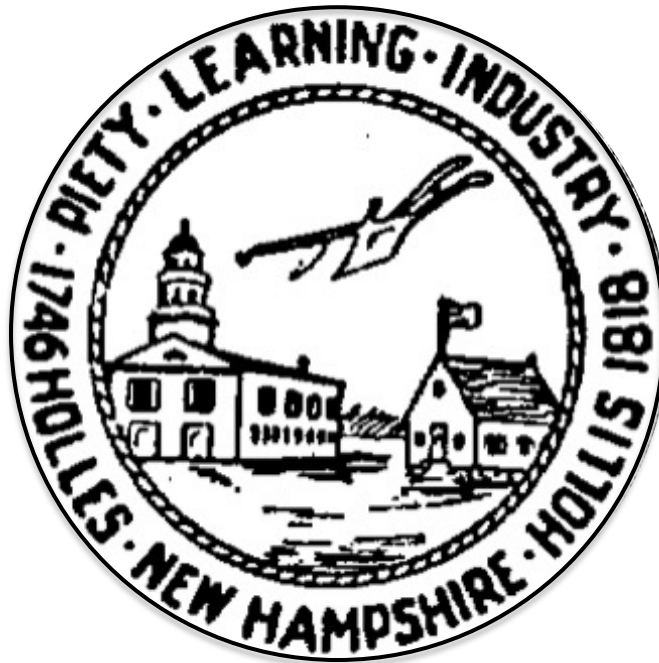


# Hollis Budget Committee Budget Guidance Overview

April 2024



# Budget Process

- Town of Hollis is a Municipal Budget Law district under RSA 32
- Budget Committee responsible for creating & presenting the Town and Hollis School District Operating Budgets
- Budget Committee also reviews and makes recommendations to voters on other articles that appropriate money.
- Hollis has three Separate Budgets – Town, Hollis Schools & COOP Schools
  - We advise the Town and Hollis Schools
  - COOP Budget Committee advises the COOP
- We provide guidance to Select Board and School Board and ask them to create a budget that fits within our guidance.
- Budget Committee votes on warrant articles after the Public Hearing, considering public inputs, economic environment, historic perspective, relevant comparable data, and effect on tax rate.

# Budget Guidance Approach

- Consider data (e.g. town, school, economic, public input), public needs (e.g. educational programming, town infrastructure) versus available resources (e.g. tax rate, fund balance) and perceived economic stress (e.g. unemployment rate, capital markets).
- Budget assumptions and biases are reviewed and updated annually.
- Approve guidance multipliers (positive, negative, or flat) that in turn yields a recommended dollar change to the operating budgets.
- Guidance is discussed and voted upon in the fall at the start of the budget cycle. Guidance is typically set in November.
- Guidance is subject to change with new information or inputs. The Budget Committee will consider requests for relief from guidance in the case of large non-discretionary budget requirements.
- Budget proposals are reviewed in December and again in January. Supplemental reviews of collective bargaining agreements and warrant articles often occur in January.

# Town Budget Assumptions & Biases: 2024

- Assumptions
  - Local economy remains strong
  - Inflation remains moderate to high
  - Tax base will increase 2.0% in coming year
  - Some leading indicators suggest population growth may create strain on services
  - Town must be responsive to potential changes in revenue from Federal and State sources
- Biases
  - Committed to provision of high-quality Town services
  - Support compensation, benefits and work environment structures that enable the Town to attract and retain high quality employees.
  - Maintain Town infrastructure, e.g. buildings and roads
  - Decrease locally-controlled unfunded liabilities that have long term budget impact (e.g. medical & retirement plans)
  - Manage the number of employees (adding staff increases the budget in many ways)
  - Manage Debt Service burden by avoiding additional debt until older debt is retired

# School Budget Assumptions & Biases: 2024

- Assumptions
  - Local economy remains strong
  - Inflation remains moderate to high
  - Tax base will increase 2.0% in coming year
  - Some leading indicators suggest population growth may create strain on services
  - Schools must be responsive to potential changes in revenue from Federal and State sources
- Biases
  - Committed to provision of high-quality education for Hollis children
  - Support compensation, benefits and work environment structures that enable Hollis Schools to attract and retain high quality employees.
  - Class sizes consistent with Hollis Educational Specifications
  - Staffing and Budgets should, over time, show linkage to student population
  - Decrease locally-controlled unfunded liabilities that have long term budget impact (e.g. medical & retirement plans)
  - Manage the number of employees (adding staff increases the budget in many ways)
  - Manage Debt Service burden by avoiding additional debt until older debt is retired

# Guidance Calculation

- Not simply an increase or decrease to the prior-year's budget
- Begin with prior year's total appropriations (spending approved by voters at annual meetings)
  - Subtract separately voted items, e.g. union contracts, land purchases
  - Subtract non-operational items that vary annually, e.g. debt service
  - The result is the initial guidance base
- Budget Committee votes on a guidance multiplier, e.g. 0% or 2% increase
  - The multiplier is reduced to account for the portion of the budget that is salaries that are already increased by collective bargaining agreements. (CBAs). This eliminates a “double multiplier” effect.
  - Approximately 26% of the Town budget is CBA cost; HSD 58%
  - Apply the reduced multiplier to get dollar-specific guidance
- Add the guidance dollar amount to the prior year base
  - Add separately voted items, e.g. union contracts, lease payments
  - Add non-operational items that vary annually, e.g. debt service
  - Add extraordinary costs for items granted relief from guidance
  - The result is the upcoming year's guidance operating budget

# Town Guidance Calculations FY24

Hollis Town Budget Committee Multi-Year Guidance Baseline Calculation			
<u>Warrant Article Description</u>	<u>FY2022</u>	<u>FY2023</u>	
Operating Budget	12,093,911	13,275,057	
Compensated Absences Trust	50,000	50,000	
Municipal Bldg Maint. Trust	150,000	150,000	
Old Home Day Special Revenue	50,000	50,000	
Revaluation Capital Reserve Fund	14,000	14,000	
Contingency Fund	70,000	70,000	
Union Contract - Police/Fire	-	156,050	
Union Contract - DPW/Town Hall	-	25,640	
DPW Dump Trucks (2) Purchase (2022)	380,000		
Woodmont West Barn Restoration (2022)	50,000		
Farley Building Renovation Study (2022)	50,000		
Add 4 Firefighters (2023)		222,728	
Cemetery Expansion (2023)		10,000	
<b>Total Approved Appropriations</b>	<b>12,907,911</b>	<b>14,023,475</b>	
<b>Subtract amounts outside of guidance to arrive at Guidance Base</b>			
	<u>FY2022</u>	<u>FY2023</u>	
<b>Total Approved Appropriations</b>	<b>12,907,911</b>	<b>14,023,475</b>	
Compensated Absences Trust	(50,000)	(50,000)	
Municipal Bldg Maint. Trust	(150,000)	(150,000)	
Old Home Day Special Revenue	(50,000)	(50,000)	
Revaluation Capital Reserve Fund	(14,000)	(14,000)	
Contingency Fund	(70,000)	(70,000)	
DPW Block Grant	(222,258)	(543,639)	
Debt Service	(1,089,946)	(1,488,934)	
Fire / Rescue Truck Lease/Purchase (2018)	(102,465)	(102,465)	
Multi-Purpose Dump Truck Lease Purchase (2019)	(38,518)	(38,518)	
Pick-Up Truck Lease Purchase (2019)	(7,252)	(7,252)	
Fire Truck Lease Purchase (2019)	(105,354)	(105,354)	
Police Cruiser Lease Purchase (2021)	(43,920)	(43,920)	
Communications Console Lease Purchase (2021)	(40,281)	(40,281)	
DPW Dump Trucks (2) Purchase (2022)	(380,000)	-	
Woodmont West Barn Restoration (2022)	(50,000)	-	
Farley Building Renovation Study (2022)	(50,000)	-	
Cemetery Expansion (2023)		(10,000)	
<b>Initial Guidance Base</b>	<b>10,443,917</b>	<b>11,309,112</b>	

Hollis Town Budget Guidance		CY24 / FY24	
Prior-Year Guidance Base	\$	11,309,112	
BudCom Guidance Adjustment		0.00%	
<b>Adjustments for Salary Costs separately increased by CBA</b>			
Prior Year Police/Fire/Comm Salaries subject to CBAs	\$	2,303,734	AFSCME 3657
Prior Year Town Hall/DPW Salaries subject to CBAs	\$	618,683	Local 1801
Total	\$	2,922,417	
CBA Salary Percentage of Adjusted Base		26%	
Adjusted BudCom Guidance Adjustment		0.00%	
<b>Calculate Guidance Operating Budget Increase</b>			
Guidance Increase / (Decrease)	\$	-	
<b>Add back amounts outside of guidance</b>			
Debt Service	\$	1,434,623	
Highway Block Grant	\$	297,142	
Bridge Block Grant	\$	34,726	
Emergency Initiative Grant	\$	24,750	
Union Contract - Police/Fire/Comm	\$	304,332	Yr 2 of 3
Union Contract - DPW/Town Hall	\$	57,948	Yr 2 of 3
Fire / Rescue Truck Lease/Purchase (2018)	\$	102,465	Yr 7 of 8
Multi-Purpose Dump Truck Lease Purchase (2019)	\$	19,259	Yr 6 of 6
Pick-Up Truck Lease Purchase (2019)	\$	3,626	Yr 6 of 6
Fire Truck Lease Purchase (2019)	\$	105,354	Yr 6 of 8
Police Cruisers & Comm. Console Lease Purchase (2021)	\$	40,281	Yr 4 of 5
Four Firefighters (2023)	\$	430,949	Add to base
<b>Guidance Warrant Article Operating Budget (Without relief items)</b>	<b>\$</b>	<b>14,164,567</b>	
<b>Add amounts for guidance relief items</b>			
		1	
		2	
		3	
<b>Guidance Warrant Article Operating Budget (With relief items)</b>	<b>\$</b>	<b>14,164,567</b>	
<b>Prior Year Adopted Warrant Article Operating Budget PLUS WAs (Yr 1)</b>	<b>\$</b>	<b>13,672,221</b>	
<b>Year-over-Year Increase / (Decrease) to Adjusted Operating Budget</b>	<b>\$</b>	<b>492,346</b>	
<b>Year-over-Year Increase / (Decrease) to Adjusted Operating Budget</b>		<b>3.60%</b>	

# HSD Guidance Calculations CY24/FY25

Hollis School District Budget Committee Guidance Formula			
Listing of budget totals by MS-22 account functions			
Warrant Article Description	FY2023	FY2024	
Operating Budget	14,297,406	15,786,280	
SAU Facility Maint. Fund	23,970	23,970	
Bldg Maint. Expend. Trust	150,000	95,000	
Special Ed. Expend. Trust	25,000	25,000	
SAU Budget Assessment	625,021	677,360	
Contingency Fund	95,000	95,000	
Prof. Staff Salary / Benefits	191,599		
Support Staff Salary / Benefits	87,661	89,225	
Bond: Capital Improvements	77,900		
<b>Total Approved Appropriations</b>	<b>15,573,557</b>	<b>16,791,835</b>	
Subtract amounts outside of guidance to arrive at Guidance Base			
	FY2023	FY2024	
<b>Total Approved Appropriations</b>	<b>15,573,557</b>	<b>16,791,835</b>	
SAU Facility Maint. Fund	(23,970)	(23,970)	
Bldg Maint. Expend. Trust	(150,000)	(95,000)	
Special Ed. Expend. Trust	(25,000)	(25,000)	
SAU Budget Assessment	(625,021)	(677,360)	
Contingency Fund	(95,000)	(95,000)	
Special Revenue	(190,000)	(190,000)	
Food Service	(220,000)	(220,000)	
Special Ed - non admin	(1,983,247)	(2,372,537)	
Special Ed - Services/Equip/Supplies	(244,910)	(361,772)	
Special Ed - Transportation	(133,670)	(136,300)	
Special Ed - Out of District Tuition	-	-	
Bond: Capital Improvements (2022)	(77,900)	(411,181)	
HSTEP Energy Conservation Lease	(324,387)	(324,387)	
HSMART Energy & CIP Lease	(356,156)	(350,497)	
<b>Guidance Base</b>	<b>11,124,296</b>	<b>11,508,831</b>	

Hollis School District Budget Guidance		CY24 / FY25
Prior-Year Guidance Base	\$ 11,508,831	
BudCom Guidance Multiplier	0.00%	
Adjustments for Salary Costs Already increased by CBA		
Prior FY Professional (HEA) Salaries subject to CBAs	\$ 5,253,935	
Prior FY Support (HESSA) Salaries subject to CBAs	\$ 1,452,918	
Total	\$ 6,706,853	
CBA Salary Percentage of Supplemented Base	58%	
Adjusted BudCom Guidance Multiplier	0.00%	
Calculate Guidance Operating Budget Increase		
Guidance Increase / (Decrease)	\$ -	
Add back amounts outside of guidance		
Special Revenue	\$ 190,000	Flat
Food Service	\$ 220,000	Flat
Prof. Staff Salary / Benefits	\$ 275,629	Yr 3 of 3; Increase \$8K
Support Staff Salary / Benefits	\$ -	Yr 3 of 3; Not sanbornized. Not in operating budget
Special Ed: Non-Admin	\$ 2,525,410	increase \$208K
Special Ed - Services/Equip/Supplies	\$ 273,101	Decrease \$91K
Special Ed: Transportation	\$ 243,140	Increase \$107K
Special Ed: Out of District Tuition	\$ 163,200	Increase \$163K
HCAP CIP Bond Payments	\$ 397,054	Decrease \$14K
HSTEP Energy Conservation Lease Payments	\$ 324,387	Flat
HSMART Energy & CIP Lease Payments	\$ 344,839	Decrease \$5.7K
<b>Guidance Warrant Article Operating Budget (Without relief items)</b>	<b>\$ 16,465,591</b>	
Add amounts for guidance relief items		
1		
2		
3		
<b>Guidance Warrant Article Operating Budget (With relief items)</b>	<b>\$ 16,465,591</b>	
Prior Year Adopted Warrant Article Operating Budget PLUS CBAs & CIP	\$ 15,875,505	
Year-over-Year Increase / (Decrease) to Adjusted Operating Budget	\$ 590,086	
Year-over-Year Increase / (Decrease) to Adjusted Operating Budget	3.72%	