

Town of Salem Town Manager's Recommended FY 2024

Operating Budget Presentation

October 11, 2023



Presented By:
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Town Manager

Town Manager Budget Goals

- Challenged Department Heads to review operations and focus on efficiencies
- Provided the guardrail analogy to staff to capture the Council's guidance
- Address aging infrastructure and look at long term needs
- Look towards the future to limit budget fluctuations



Impacts to the Budget

- In 2023, The Town Manager recommended budget proposed \$1,500,000 in Unassigned Fund Balance. As we progressed through the budgeting process, this was increased to \$4,174,735. I am again recommending \$1,500,000 of Fund Balance.
- The growth of the community was lower than expected in 2023.
- The solid waste contract (transfer station) continues to have an impact on this year's budget.
 - (\$192,429 increase)
- General Fund Revenue is down \$4,605,284



Highlights

- Capital includes the second year of the Fleet Replacement Program
 - In addition to the Fleet Replacement Program, the Capital Budget includes an Ambulance and a Large 6 wheel multipurpose J Hook Truck.
 - Capital also includes \$200,000 for document scanning and \$400,000 to relocate utilities underground around the Main and Pleasant Street Intersection
 - How Many new FTE Positions did we add – 4 new positions
 - Deputy Health Officer
 - Chief Technology Officer
 - Grant Writer
 - Support Services Clerk (PD)



Reductions

- Software for the Police Department
- Cemetery Culvert
- Engineering for Millville St. culvert
- DPW Garage feasibility study
- Reduced the amount requested for winter weather operations
- Multiple new software requests
- Some carpeting and office furniture requests



2024 Tax Rate Information

- **Disclaimer:** Tax Rate numbers used in this budget presentation are estimates. The Tax rate for 2023 has not been set, but is anticipated to be \$5.46
- The estimated increase from the 2023's \$5.46 for this budget, as presented, will be \$5.89 for an anticipated tax rate increase of \$0.43
 - This would result in a \$230 increase for a home valued at \$500,000
- Warrant Articles will be discussed in December, but anticipated warrants include:
 - Road Program
 - OPEB Contribution
 - Possible Land Purchase
 - Millville Dam Repairs
 - Winter Weather Trust contribution
 - Police Station
 - Possible Fire Collective Bargaining Agreement



Budget Assumptions

- Electric - 3-year weighted average plus 4%
- Gasoline – 3-year weighted average (gallons) at \$2.88 per gallon
- Diesel – 3-year weighted average (gallons) at 2.77 per gallon
- Oil – 3-year weighted average plus 20%
- Natural Gas – based on 3-year weighted average plus 15%
- Health Insurance – decreased 4%
- Property & Liability – increased 2.5%
- Workers Compensation – increased 6%



Town Property Tax Calculation

2024 Estimated Tax Rate

| | <u>2023</u> | <u>2024</u> |
|---------------------------------------|-------------------|-------------------|
| Town Operating Budget (Incl. Library) | 51,326,654 | 52,008,259 |
| Warrant Articles | 5,781,295 | 3,840,000 |
| Revenue | (22,542,275) | (17,936,991) |
| Sub Total | 34,565,674 | 37,911,268 |
| War Credits/Overlay | 1,252,000 | 1,000,000 |
| Total to be raised by taxes | 35,817,674 | 38,911,268 |
| Assessed Valuation Estimate | 6,559,418,798 | 6,608,614,439 |
| Total Estimated Tax Rate | 5.46 | 5.89 |
| Estimate Current Rate | 5.08 | 5.46 |
| Tax Rate Increase | 0.38 | 0.43 |
| Proposed Tax Rate % Increase | 7.48% | 7.88% |



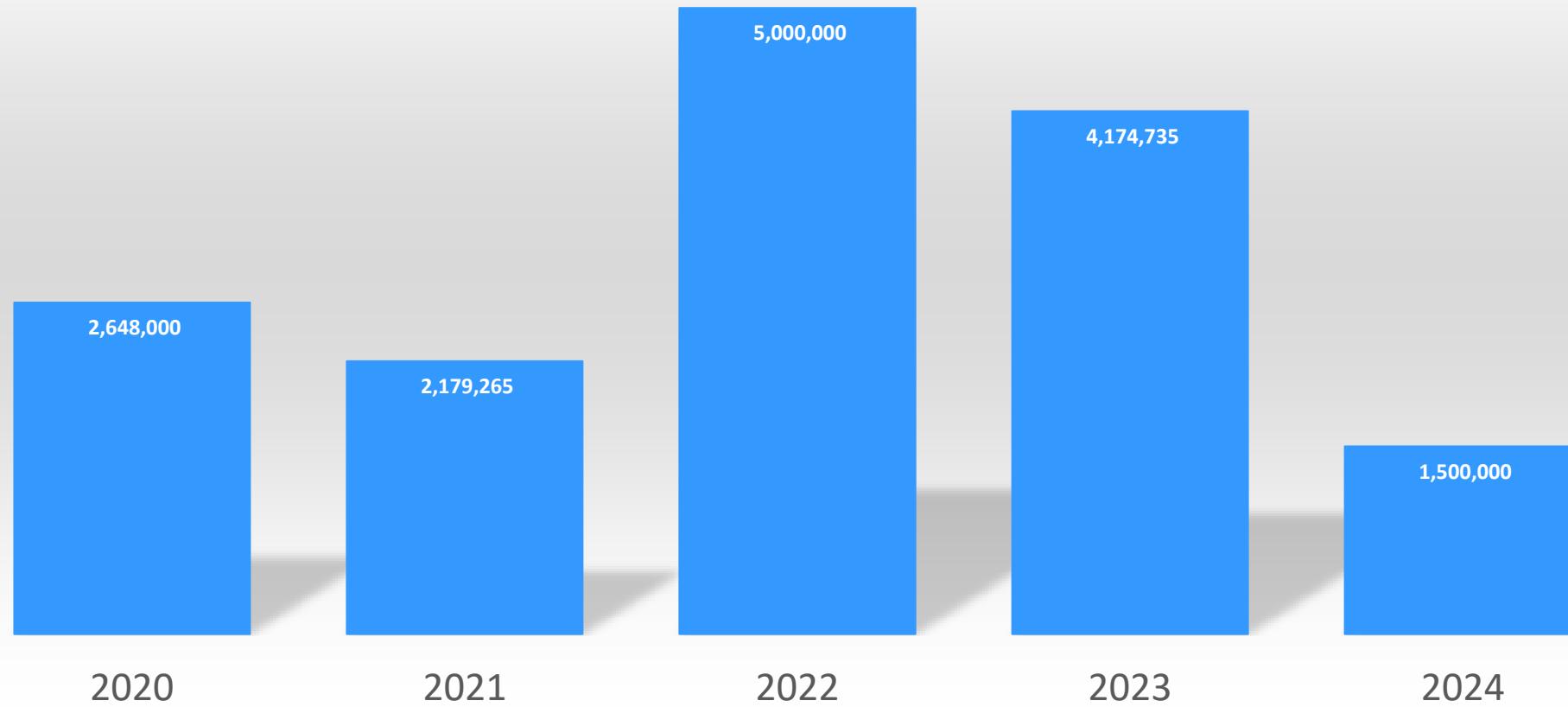
Proposed Use of Fund Balance

- In FY 2023 the Town approved budget used \$4,174,735 of fund balance
- My recommended 2024 operating budget includes use of \$1,500,000 of fund balance



Proposed Use of Fund Balance

Use of Fund Balance



Tax Rates

| | <u>Municipal Tax Rate</u> | <u>\$ Inc.</u> | <u>% Inc.</u> | <u>\$ Increase for \$500,000 home</u> |
|-------|---------------------------|----------------|---------------|---------------------------------------|
| 2017 | 6.60 | - | 0.00% | - |
| 2018 | 6.78 | 0.18 | 2.73% | 90.00 |
| 2019 | 7.10 | 0.32 | 4.72% | 160.00 |
| 2020 | 7.16 | 0.06 | 0.85% | 30.00 |
| 2021* | 5.23 | -1.93 | -26.96% | (965.00) |
| 2022 | 5.08 | -0.15 | -2.87% | (75.00) |
| 2023 | 5.46 | 0.38 | 7.48% | 190.00 |

* Note: This was a revaluation year



2024 Town Operating Budget

| 2024 Budget Summary | | | | | |
|----------------------------|---------------|-------------------|------------------------|---------|--|
| | 2023 | 2024 Town Manager | Increase (Decrease) | % | |
| All Funds | Budget | Recommended | | | |
| General Fund | \$ 48,269,349 | \$ 48,374,563 | \$ 105,214 | 0.22% | |
| Capital | 1,387,299 | 1,959,973 | 572,674 | 41.28% | |
| Sewer Fund | 9,168,358 | 4,679,493 | (4,488,865) | -48.96% | |
| Water Fund | 6,161,078 | 6,187,048 | 25,970 | 0.42% | |
| Library | 1,670,006 | 1,673,723 | 3,717 | 0.22% | |
| Sub - Total | \$ 66,656,090 | \$ 62,874,800 | \$ (3,781,290) | -5.67% | |
| Warrant Articles - General | 5,781,295 | 6,040,000 | 258,705 | 4.47% | |
| Warrant Articles - Sewer | 105,000 | 5,000 | (100,000) | -95.24% | |
| Warrant Articles - Water | 5,000 | 5,000 | - | 0.00% | |
| Total | \$ 72,547,385 | \$ 68,924,800 | \$ (3,622,585) | -4.99% | |



REVIEW OF PROPOSED REVENUES



Town of Salem, NH 2023/2024 Revenue Comparison

| | 2023 Budget | 2024 Manager Recom. | Increase (Decrease) |
|--------------------------------------|-------------------|---------------------------|------------------------|
| Taxes (not including property taxes) | 183,000 | 156,000 | (27,000) |
| Intergovernmental Revenues | 2,806,208 | 3,052,696 | 246,488 |
| Licenses and Permits | 9,132,950 | 8,648,500 | (484,450) |
| Charges for Services | 4,176,212 | 3,961,942 | (214,270) |
| Misc. Revenues | 36,000 | 121,000 | 85,000 |
| Other Financing Sources | 6,207,905 | 1,996,853 | (4,211,052) |
| Total General Fund | 22,542,275 | 17,936,991 | (4,605,284) |



REVIEW OF SEWER & WATER BUDGETS



Sewer Fund Budget Comparison – 2023/2024

| Proposed Sewer Fund 2024 Budget | | | | |
|--|------------------|------------------|--------------------------|----------------|
| Sewer Summary | 2023 | 2024 | Increase/Decrease | % |
| Administration | 2,553,271 | 3,025,847 | 472,576 | 18.51% |
| Debt Services | 6,348,529 | 593,646 | (5,754,883) | -90.65% |
| Sewer Capital | 226,558 | 1,060,000 | 833,442 | 100.00% |
| Sewer Warrant Articles | 105,000 | 5,000 | (100,000) | 100.00% |
| Total - Sewer Fund | 9,233,358 | 4,684,493 | (4,548,865) | -49.27% |



Water Fund Budget Comparison – 2023/2024

| Proposed Water Fund 2024 Budget | | | | | |
|--|------------------|------------------|-------------|--------------------------|--------------|
| Water Summary | | 2023 | 2024 | Increase/Decrease | % |
| Administration | 2,002,952 | 2,057,335 | | 54,383 | 2.72% |
| Operations | 2,455,339 | 2,646,846 | | 191,507 | 7.80% |
| Building | 70,328 | 166,362 | | 96,034 | 136.55% |
| Debt Services | 1,152,459 | 1,056,505 | | (95,954) | -8.33% |
| Water Capital | 480,000 | 260,000 | | (220,000) | -45.83% |
| Water Warrant Articles | 5,000 | 5,000 | | - | 0.00% |
| Total - Water Fund | 6,166,078 | 6,192,048 | | 25,970 | 0.42% |



Questions/Comments?

