

DRAFT
SELECTMEN'S WORKSHOP
Minutes of 11/27/06
6:25 p.m.

Selectmen:

(Absent with Notice)

Peter Miller, Chairman
Peter Brothers
Miller Lovett
Frank Michel
Colette Worsman

Town Manager:

Recording Clerk:

Carol Granfield
Karin Landry

Open Workshop by Peter Miller, Chairman, 6:25 p.m.

W 06-53 Tax Rate Tutorial

Administrative Services Director Brenda Vittner presented a Municipal Tax Rate Tutorial to the Board (SEE ADDENDUM I). The Tutorial covered the following topics:

Budgets (Appropriations)

- Timeline
- Deliberation Considerations

Posting for Town Meeting

- Timeline

Assessments

- Timeline

Submittals Dates

- Tax Year 2006

Setting the Tax Rate 2006

Needed to Set the Tax Rate

Calculating the Tax Rate

Abatements

- Overlay – Amount Raised for Abatements

Fund Balance Retention

- Budgetary Fund Balance Retention

Appropriation Tools

- Budgetary Fund Balance Retention

Calculation of Retainage

- Fund Balance Retention

Tax Rate Approval

- Department of Revenue Administration

Postings for the Town Meeting will be at the polling place, school, library, Town Hall and Annex.

Brenda detailed the function of the overlay and how it is calculated. The overlay cannot be used for anything other than tax abatements. Significant dialogue took place regarding the overlay and how funds are held in reserve each tax year for existing and anticipated abatement requests, as well as how the funds are carried forward until the abatement requests are settled. Dialogue took place regarding calculating the fund balance and how it affects bond ratings.

Brenda answered questions from the public regarding how the overlay is held in reserve to settle pending abatements and carried forward to unreserved fund balance.

Colette Worsman requested a history of the reserve in abatements over the past ten years to assist the Board in making a wise decision next October/November.

Brenda clarified that the overlay surplus does not have to be included in the unreserved fund balance. It can be applied to reduce the following year's tax rate or it can give taxpayers the opportunity to apply the money elsewhere. Chair Miller suggested waiting until after March 1 (the deadline for filing abatement requests) to more precisely estimate the overlay amount.

Peter Miller motioned to adjourn the meeting at 8:05 p.m. Frank Michel seconded the Motion. 4-0-0. Motion passed.

Respectfully submitted:

Carol M. Granfield, Town Manager

Peter N. Miller, Chairman

Karin Landry, Recording Clerk

Peter F. Brothers

Miller C. Lovett

Frank Michel

Colette Worsman

Addendum I

Municipal Tax Rate Tutorial

Budgets (Appropriations).....

- **Timeline:**
 - **Budget Preparation by Department Heads – October through November**
 - **Presentation of Town Manager’s budget - December**
 - **Deliberations by Selectboard – December**
 - **Goal – to finalize budget by December 31st each year.**

- RSA 37:6 V – January 31st is the last day for the Town Manager to submit budget to Selectboard.
- Deliberation considerations:
 - The Selectboard votes upon a final operating budget (appropriations) for Town Meeting.
 - Discussion of the Town Warrant – Operating Budget, Special Warrant Articles and Individual Warrant Articles.
 - Discussion of estimated revenues – non-property tax revenues (includes overlay & fund balance use).
 - RSA 32:5 I - requires at least one Public hearing to be held 25 days before the Town Meeting.

Posting for Town Meeting

- Timeline:
 - RSA 39:5 V – requires the Selectboard to post an attested copy of the warrant and the MS-6 Budget of the Town/City at least 14 days prior to Town Meeting.
 - Completed form MS-6 – Budget of the Town/City sets forth the appropriations, non-property tax revenue estimates, special warrant articles and individual warrant articles posted with Town Warrant.
 - Updated Revenue Estimates are provided on the MS-4 form – Revised Estimated Revenues by September 1st each year.

Assessments.....

- Timeline:
 - RSA 76:2 – Property Tax Year – shall be April 1 to March 31 and all property taxes shall be assessed on the inventory taken in April of that year.
 - The Assessor must submit by September 1st each year form MS-1 - Inventory Valuation.

Submittals Dates.....

- Tax Year 2006:
 - February 24th - Town Warrant was posted with the MS-6 – Budget of the Town/City (RSA 39:5)
 - March 15th – Town Meeting (RSA 39:5)
 - March 31st – Submittal of MS-2 – Report of Appropriations Actually Voted (RSA 21-J:34)

- September 1st– MS-1 – Summary of Valuation – 2006
 - (Extension granted by DRA to October 1st due to the Town-wide Revaluation)
- September 1st – MS-4 Revised Estimated Revenues (RSA 21-J:34)
- November 8th – Preliminary Tax Rate determined with representative from DRA.
- November 13th – Approved Tax Rate received.

Setting the Tax Rate 2006

<u>Town Appropriation</u>	<u>MS-2 (Voted Appropriations)</u>	<u>\$ 14,772,554</u>
<u>Town Revenue</u>	<u>MS-4 (Estimated Revenues)</u>	<u>\$ 6,975,939</u>
<u>Fund Balance Used</u>	<u>MS-2 (Voted Appropriations)</u>	<u>\$ 1,300,000</u>
<u>County Assessment</u>		<u>\$ 2,161,049</u>
<u>Local School Tax Effort</u>		<u>\$ 7,203,529</u>
<u>State School Tax Effort</u>		<u>\$ 3,810,478</u>
<u>TOTAL Town, County, Schools, and State:</u>		<u>\$ 19,671,661</u>
<u>Deduct Total Business Profits Tax (Shared Revenues)</u>		<u>\$ 45,193</u>
<u>Add: War Service Credits</u>		<u>\$ 237,250</u>
<u>Add: Overlay</u>		<u>\$ 500,000</u>
<u>Approximate Taxes to be Raised:</u>		<u>\$ 20,363,718</u>

Needed to Set the Tax Rate

Town of Meredith Assessed Valuation – MS-1

<u>Assessed Valuation (Total)</u>	<u>MS-1 (Summary of Inv. Valuation)</u>	<u>\$ 1,897,635,500</u>
<u>Assessed Valuation (w/o Utilities)</u>	<u>MS-1 (Summary of Inv. Valuation)</u>	<u>\$ 1,890,959,000</u>

Estimated Rate Breakdown

	<u>Net Appropriation</u>	<u>Less: Shared Revenues</u>	<u>Taxes to be Raised</u>
<u>Municipal</u>	<u>\$ 7,233,855</u>	<u>\$ 36,312</u>	<u>\$ 7,197,543</u>
<u>County</u>	<u>\$ 2,161,049</u>	<u>\$ 36,312</u>	<u>\$ 2,152,168</u>
<u>Local School</u>	<u>\$ 7,203,529</u>	<u>\$ 0</u>	<u>\$ 7,203,529</u>
<u>State School</u>	<u>\$ 3,810,478</u>	<u>\$ 0</u>	<u>\$ 3,810,478</u>
<u>Totals:</u>	<u>\$ 20,408,911</u>	<u>\$ 45,193</u>	<u>\$ 20,363,718</u>

Calculating the Tax Rate

	<u>A</u>	<u>B</u>	<u>C</u>
	<u>Taxes to be Raised</u>	<u>MS-1 Value/\$1000</u>	<u>2006 Tax Rate (Column A/Column B)</u>
<u>Municipal</u>	<u>\$ 7,197,543</u>	<u>\$ 1,897,635.50</u>	<u>\$ 3.79</u>
<u>County</u>	<u>\$ 2,152,168</u>	<u>\$ 1,897,635.50</u>	<u>\$ 1.13</u>
<u>Local School</u>	<u>\$ 7,203,529</u>	<u>\$ 1,897,635.50</u>	<u>\$ 3.80</u>
<u>State School</u>	<u>\$ 3,810,478</u>	<u>\$ 1,890,959.00</u>	<u>\$ 2.02</u>
<u>Totals:</u>	<u>\$ 20,363,718</u>		<u>\$ 10.74</u>

Abatements.....

- **Overlay – Amount Raised for Abatements**
 - **RSA 76:6 - limits overlay to an amount not to exceed 5% of the net tax commitment for the municipality its statewide enhanced education amount and local school tax, its share of the county budget, and village district(s), if any.**
 - **Total to be raised by taxes: \$ 20,363,718**
 - **5% Limit per RSA 76:6 \$ 1,018,186**

Fund Balance Retention

- **Budgetary Fund Balance Retention**
 - **General Guidelines have been established by the Financial Community regarding the amount of modified accrual budgetary unreserved fund balance to retain. The former recommendations were to retain between 5% & 10% of the municipality's appropriations, plus the statewide education amount, the local school net tax commitment and the county appropriation. The Government Finance Officers Association (GFOA) suggests retainage between 8% and 17%.**

Appropriation Totals.....

- **Budgetary Fund Balance Retention** **(Based upon Total Appropriations)**

Appropriation Totals:

<u>Town</u>	<u>\$ 14,772,554</u>
<u>County</u>	<u>\$ 2,161,049</u>
<u>Local School</u>	<u>\$ 7,203,529</u>
<u>State School</u>	<u>\$ 3,810,478</u>
<u>Total Appropriations:</u>	<u>\$ 27,947,610</u>

Calculation of Retainage.....

- **Fund Balance Retention**
 - **Suggested Percentage of Retainage:**

<u>5% of \$ 27,947,610</u>	<u>\$ 1,397,380</u>
<u>8% of \$ 27,947,610</u>	<u>\$ 2,235,808</u>
<u>10% of \$ 27,947,610</u>	<u>\$ 2,794,760</u>
<u>17% of \$ 27,947,610</u>	<u>\$ 4,751,092</u>

- **Retained:**

<u>12/31/05 Audited Fund Balance</u>	<u>\$ 2,771,647</u>
<u>Voted from Fund Balance:</u>	<u>\$ 550,000</u>
<u>Amount used to Set Tax Rate:</u>	<u>\$ 750,000</u>
<u>Amount to be Retained</u>	<u>\$ 1,471,647 (5.3%)</u>

Tax Rate Approval.....

- **Department of Revenue Administration**
 - **An auditor from the Department of Revenue Administration (DRA) reviews all documentation of submitted State forms (MS-1, MS-2, MS-4, MS-6)**
 - **A preliminary tax rate is determined in November.**
 - **A preliminary rate is determined and submitted to the Director of Municipal Services, Department of Revenue Administration.**
 - **The Tax Rate Calculation Sheet is approved by the Director and forwarded to the Town.**