



Fiscal Year 2011-2012 Proposed Budget

Presented by
City Manager Robert M. Belmore
March 28, 2011



CITY OF SOMERSWORTH

Introduction



In many respects, the Fiscal Year 2012 budget may be the most challenging we have seen in a number of years. Due to the slow economic recovery, there has been little if any growth to absorb increases in the cost of municipal services. Increases in employee benefit packages, fuel, materials and supplies, are beginning to strain our ability to support infrastructure improvements. I extend a thank you to all City departments for their cooperation and assistance in the preparation of this proposal, and particular appreciation to Finance Director Scott Smith for all his efforts. This collaborative process has shaped a budget proposal of department programs that lays the foundation for an effective and efficient allocation of resources to meet Community needs.

Focus of Presentation is City Budget

- **Annual Budget - Article VI and Article VIII of the City Charter**
 - **City Manager must present budget to Mayor and Council by March 15.**
 - **City Manager directed departments to hold operational expenses flat wherever possible.**
 - **City Manager reviewed budget requests with departments, adjusted individual departmental requests while maintaining objective of keeping budget level funded wherever possible in an effort to mitigate annual increases in operational costs.**

Introduction

Continued



- **Budget is a policy document establishing**
 - **Priorities - Balance affordability with delivery of municipal services**
 - **Financial Plan – Capital Improvements Program**
 - **Allocation of Available Resources**
 - **Funding Requirements – (i.e. Taxes, Bonding, Grants)**
 - **Spending Authority – City through the City Council and City Manager; School Department through the School Board and Administration**

- **Annual Budget for School Department (Article VIII)**
 - **SAU 56 – Somersworth School Superintendent prepares School Department Budget for School Board review and approval.**
 - **School Department budget presented to City Council as recommended by School Board for bottom line review and approval.**



Budget Notes

■ General Fund Budget

- G/F budget reflects decrease of (\$212,036), however the prior year's budget included a one-time appropriation of \$657,341 as a housekeeping measure to clear up a deficit in the Route 108 debt service fund.
- Net change in operating budget excluding prior year transfer is \$445,305 (4.02%)
- Proposed budget does not include any potential downshifting of costs currently under consideration at the State level.
- Proposed budget does not include any funding for the use or future maintenance costs for Hilltop Elementary School. Without any clear direction, funding requests seem premature.

Budget Notes

Continued



- **Salaries and Benefits increase of approximately \$315,000. Increase is broken down as follows:**
 - Salaries and wages increase = \$75,000
 - Health/Dental increase of 7.6% = \$127,000
 - State Retirement increase = \$97,000
 - Other payroll benefits (FICA, W/C, etc) increase = \$16,000
- **Increase in Capital Leases approved by City Council -**
 - Front-end Loader \$29,926
- ***Non-Tax Revenues remain flat with little to no growth.***

Budget Notes

Continued



■ State Budget Concerns:

■ Downshifting of costs:

- State contributions to Retirement would decrease from 35% to 0%
 - City Budget Increase \$250,000
 - School Department Increase \$350,000
- Reduction of School Building Aid
 - Loss of Revenue to School Dept. \$550,000
- Reduction in amount charged for late payment of taxes
 - Loss of Revenue to City \$60,000

2011-2012 Proposed Budget Revenues



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Revenue Estimates

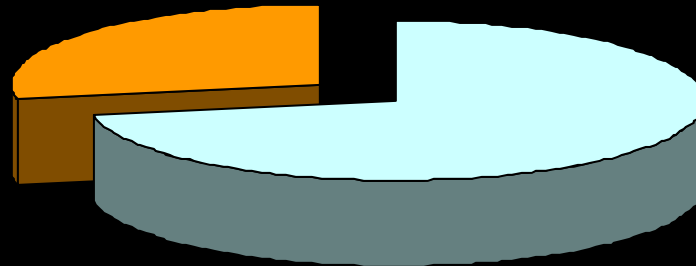
Category	10-11 Budget	11-12 Budget
Taxes & Penalties	22,733,145	24,069,857
Licenses, Permits, Fees	1,410,625	1,395,625
Intergovernmental	855,708	841,473
Education	10,328,248	10,414,253
Other Revenue	1,388,826	865,434
Total Revenue	36,716,552	37,586,642

City General Fund Revenue



City Revenue = \$11,152,777

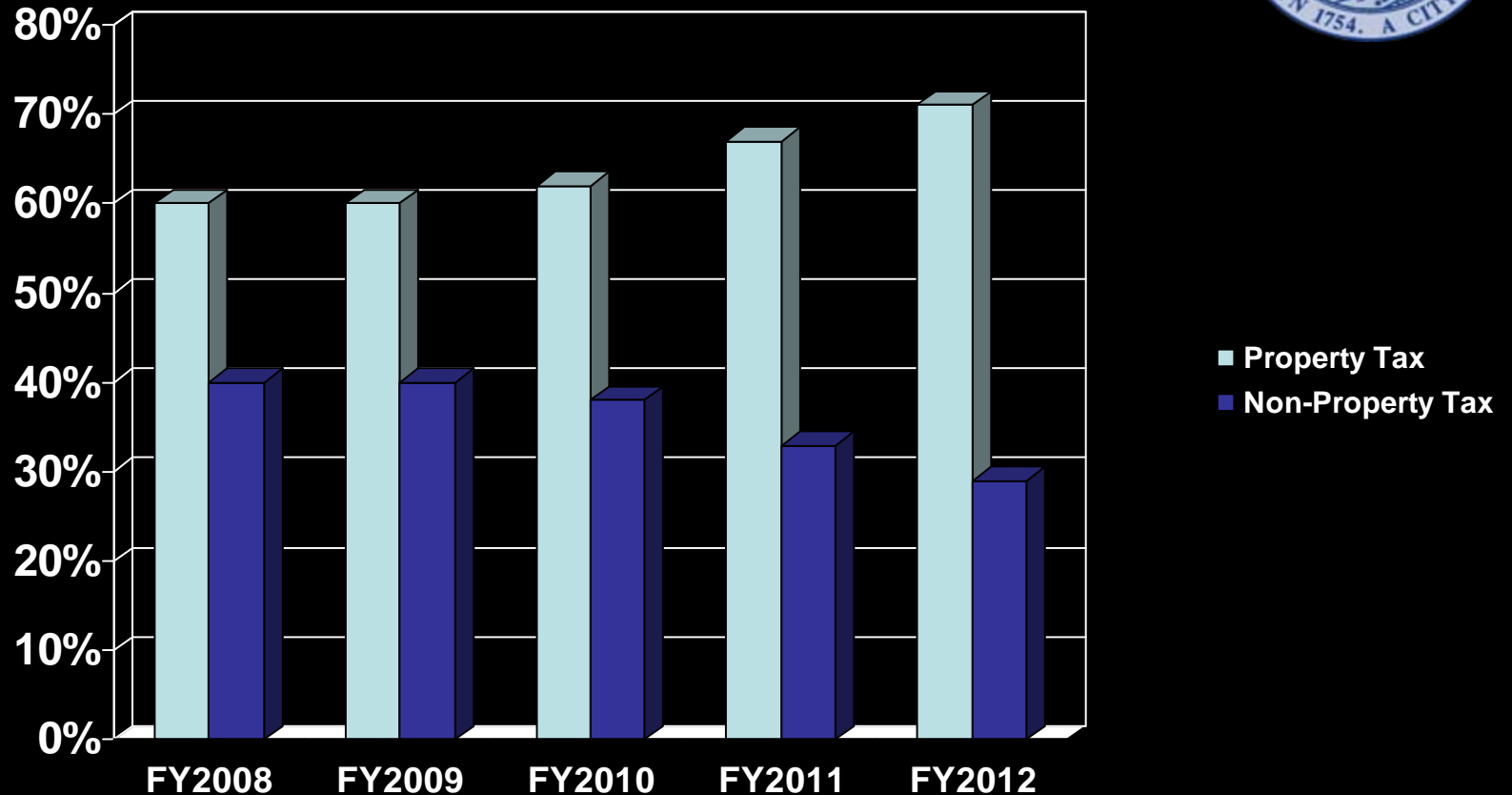
**Non Prop Tax
29%**



**Prop Tax
71%**

Property Tax revenue has increased as a percentage of total General Fund revenue due to shrinking non-tax revenue sources.

General Fund Revenue Comparison of Tax v. Non-Tax Revenue



City has seen a steady decrease in non-tax revenues, shifting more of the burden for funding services to the property tax.

City Non-Property Tax Revenue

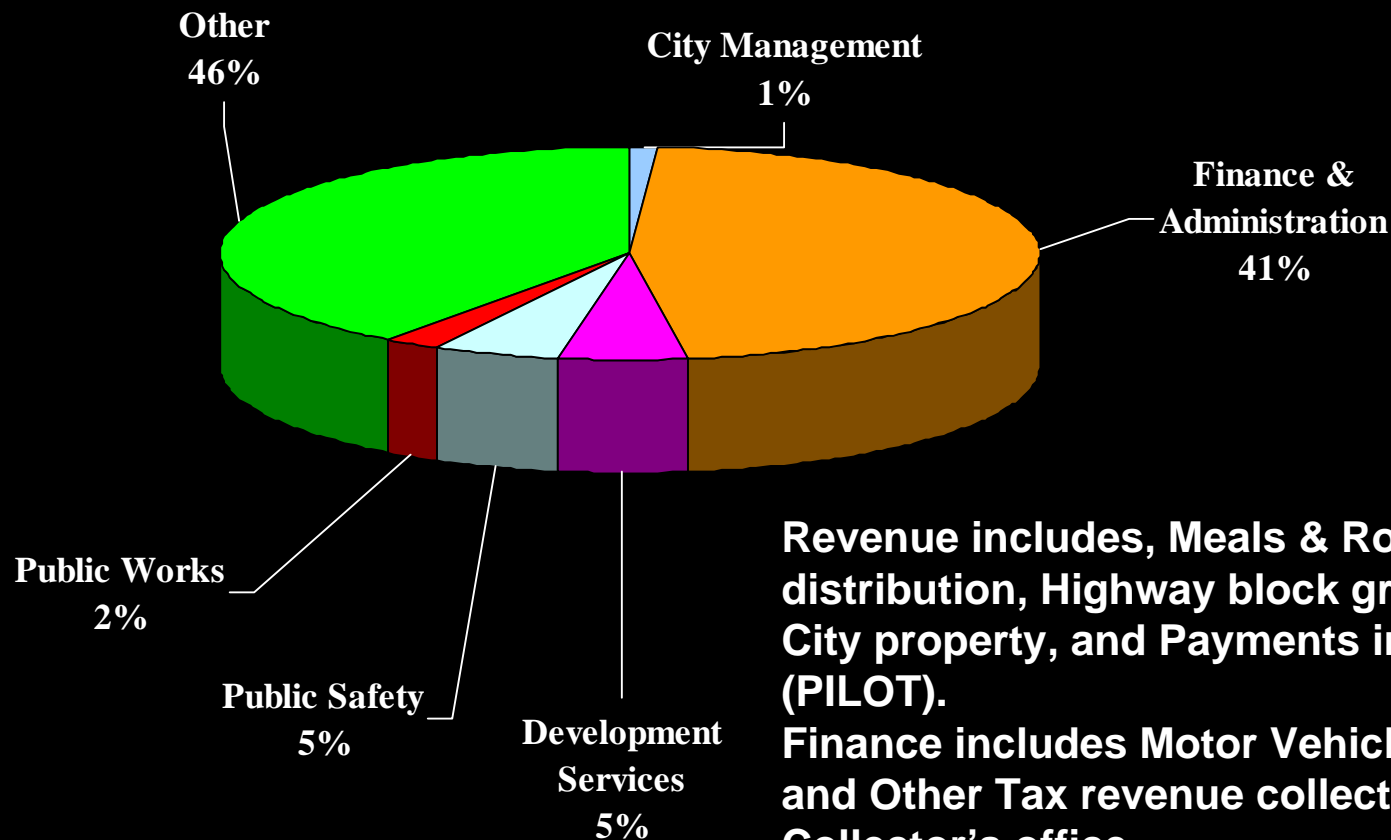


Revenue	Amount	\$ Change	% Change
Other Taxes	205,000	20,000	10.8%
Licenses, Permits, Fees	1,395,625	(15,000)	(1.0%)
Intergovernmental	841,473	(14,235)	(1.6%)
Income – from Departments	396,735	0	0.0%
Other	274,750	(10,000)	(3.5%)
Transfers-In Escrow/Fund Balance	193,949	(513,392)	(72.6%)
Total	3,307,532	(532,627)	(13.7%)



City Non-Property Tax Revenue

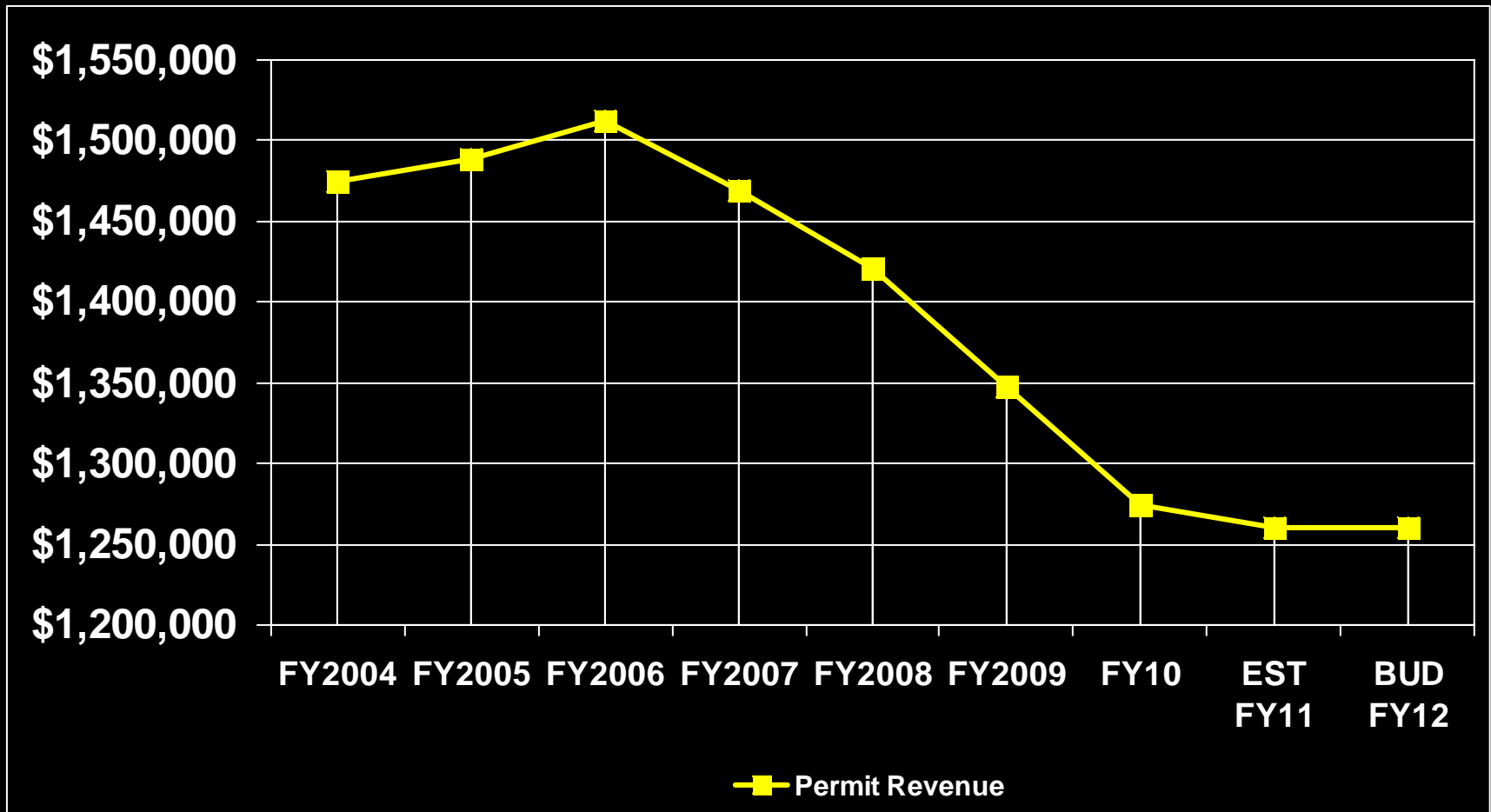
Total = \$ 3,307,532



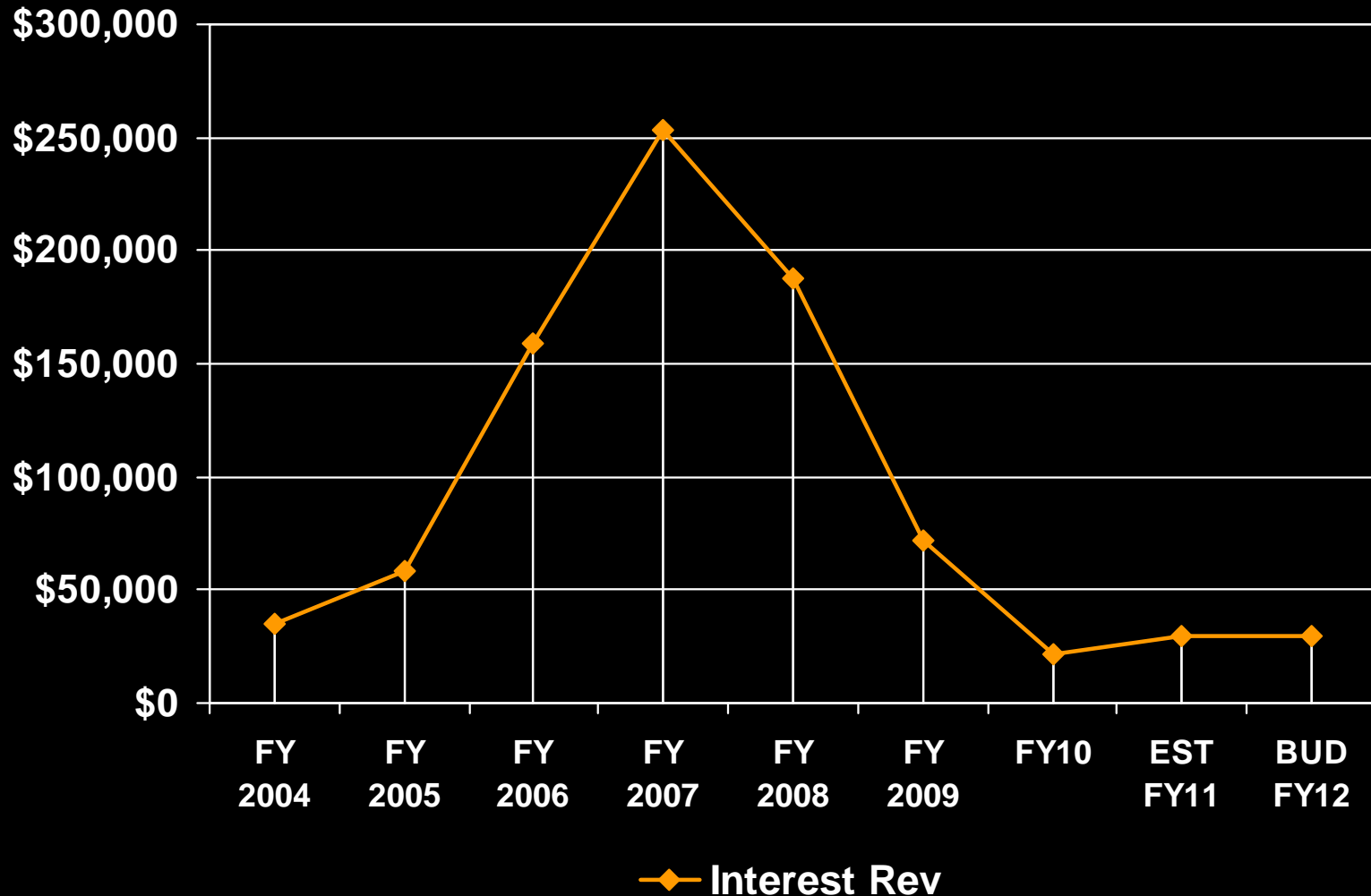
Revenue includes, Meals & Rooms tax distribution, Highway block grant, leases on City property, and Payments in lieu of Taxes (PILOT).

Finance includes Motor Vehicle Permits fees and Other Tax revenue collected in Tax Collector's office.

Motor Vehicle Permits Revenue Trend



Interest on Investments Revenue Trend



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2011-2012 Proposed Budget Appropriations



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Budget Structure Appropriations

- **Fund**
 - General Fund
 - Major Program Areas/Departments
 - School
 - County
 - Proprietary Funds
 - Water
 - Sewer
 - Solid Waste (pay-per-bag program)

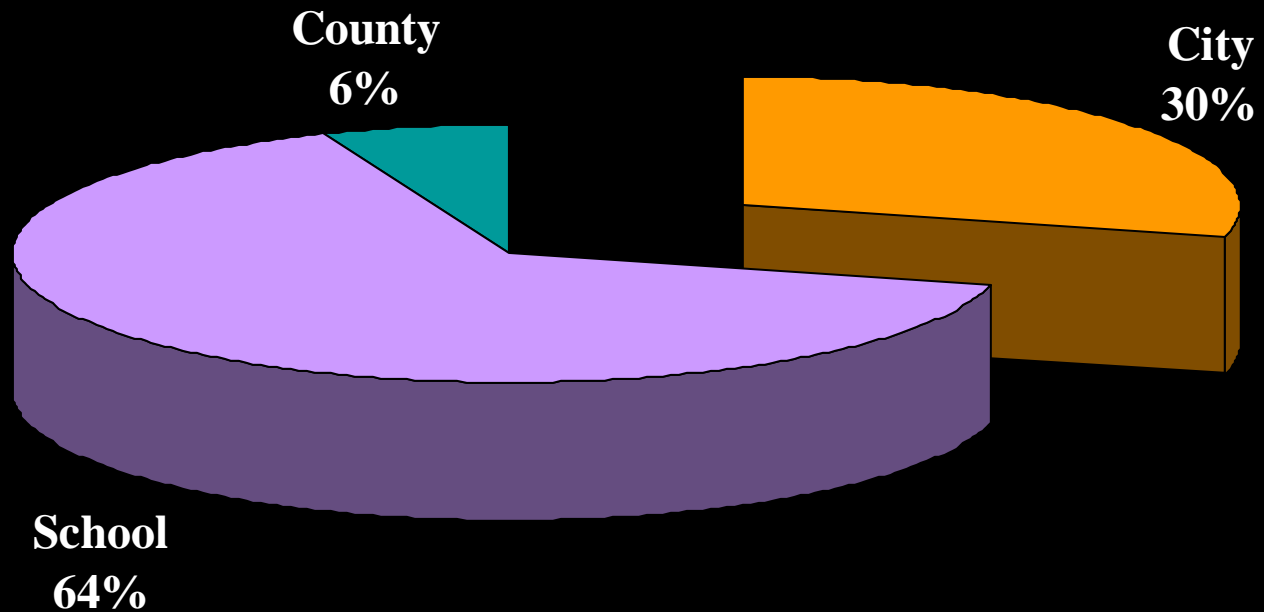
Fiscal Year 2012 Proposed General Fund Budget



	FY 2011 Budget	FY 2012 Proposed	% Change
City	11,084,313	10,872,277	(1.91%)
School	23,379,295	24,391,975	4.33%
County	2,211,961	2,277,390	2.96%



Summary of Proposed Expenditures – General Fund





City Appropriations

Departments – Major Program Areas

Elected Leadership

*Mayor/Council, Civic Promotions,
Community Support-Outside Agencies*

City Management

*City Manager's Office,
Legal services for all City Departments*

Finance and Administration

*Finance, MIS, City Clerk, Tax Collector,
Library, Human Services (Welfare)*

Development Services

*Planning, Assessing, Building & Codes
Economic Development, Recreation*

Public Safety

Police & Fire

Public Works & Utilities

*PW Administration, Street Maintenance,
Solid Waste, Cemetery, Engineering*

Other Expenses

*Debt Service, Capital Leases,
Superfund Monitoring, Contingency*

School

County

Capital Outlay

CIP and other one-time appropriations

Enterprise Funds

Water, Wastewater, Pay-Per-Bag

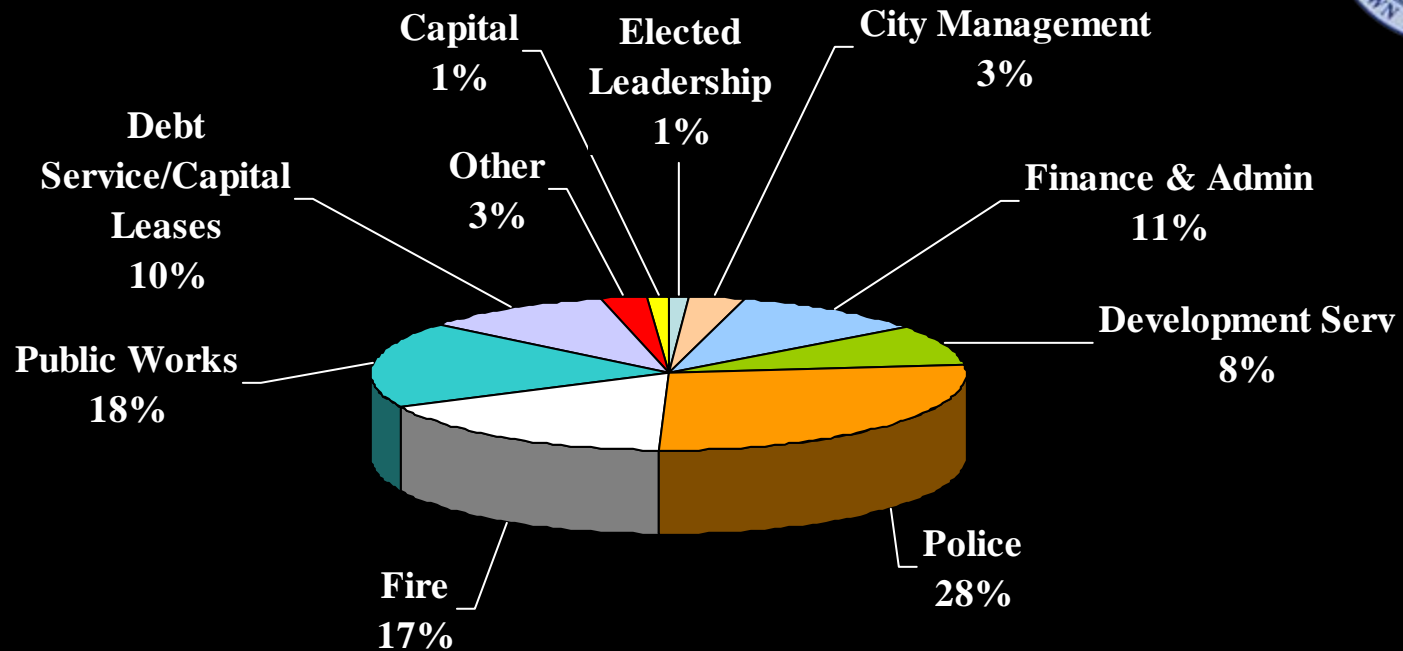


City Appropriations

Departments – Major Program Areas

Department	FY2012 Proposed	Increase/(Decrease)
Elected Leadership	\$ 114,847	\$ (3)
City Management	\$ 333,109	\$ 9,450
Finance & Admin	\$1,165,185	\$ 42,149
Development Serv.	\$ 896,930	\$ 53,130
Public Safety	\$4,852,732	\$ 207,692
Public Works	\$1,990,390	\$ 76,924
Debt Service/Leases	\$1,115,280	\$ (55,152)
Capital	\$ 131,652	\$ 51,091
Other/Contingency	\$ 272,152	\$ (597,317)
Enterprise Funds	\$4,486,284	\$ 84,720

General Fund Appropriations



Other appropriations are Contingency, transfer to capital reserve fund, transfer to debt service fund, and superfund landfill monitoring cost.

For the purpose of this slide, Police and Fire are represented separately, however in the City budget they make up the Public Safety department and total 45% of the total budget.

City General Fund Appropriations By Category

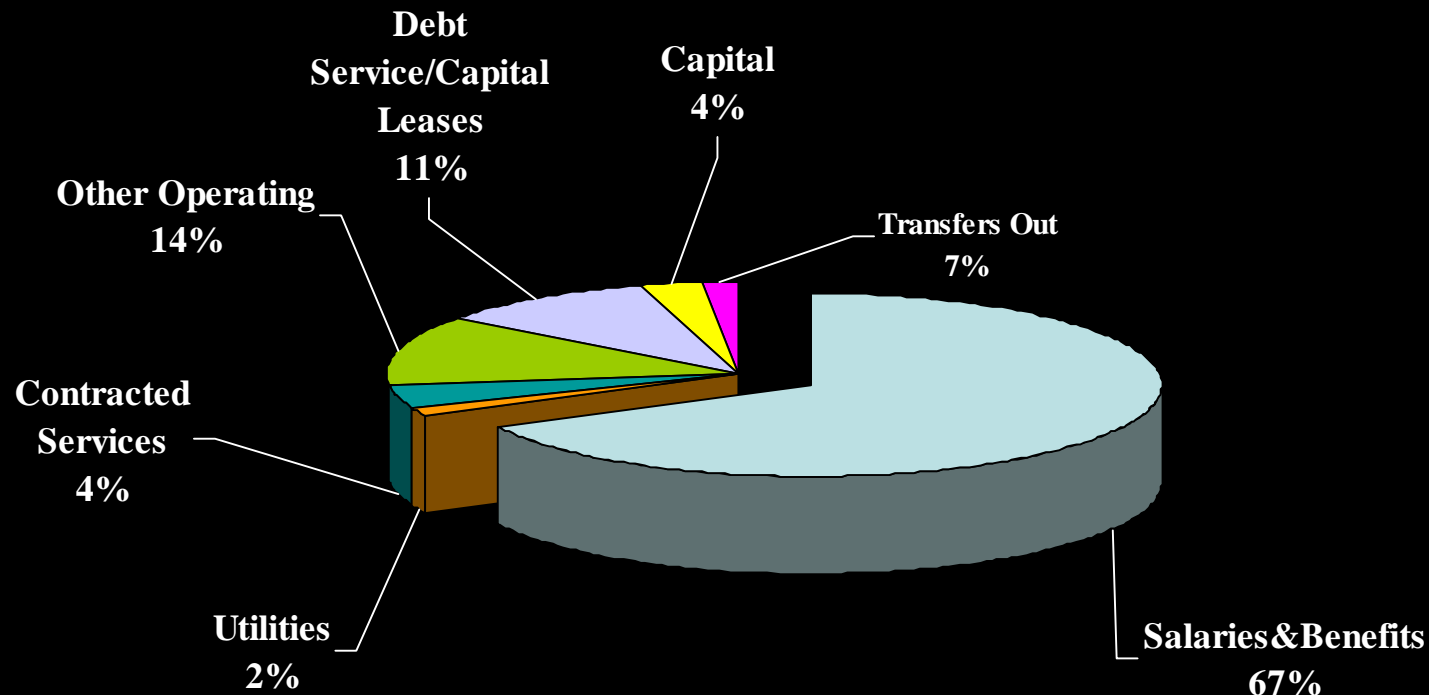


Appropriations	\$ Amount	\$ Change	% Change
Wages/Benefits	\$ 7,327,538	\$ 314,760	4.49%
Other Operating	\$ 1,955,655	\$ 74,582	3.96%
Total City Operations	\$ 9,283,193	\$ 389,342	4.38%
Capital/Road Maintenance	\$ 281,652	\$ 51,091	22.16%
Debt Service/Leases	\$ 1,115,280	\$ (55,152)	(4.71%)
Transfers to Other Funds	\$ 192,152	\$ (597,317)	(75.66%)
Grand Total	\$10,872,277	\$ (212,036)	(1.91%)
Transfer to Debt Service Fund-Prior Year		\$ 647,341	
Net Change		\$ 435,305	4.02%

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General Fund Appropriations By Category



Utilities are Telephone, Heat, Electric

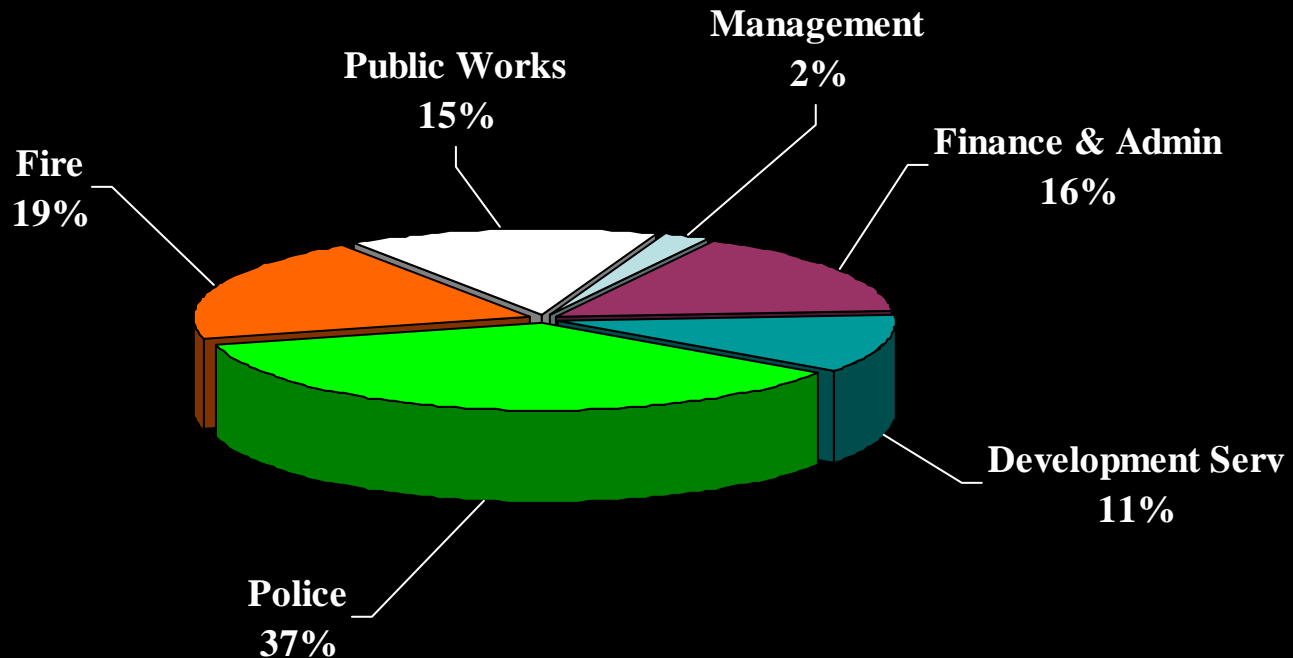
Capital is the Capital outlay budget plus \$150,000 for road resurfacing projects.



General Fund Personnel

Full Time G/F Employees = 82

Part Time G/F Employees = 10



Statistics do not include elected officials, call firefighters or seasonal employees. Seasonal employees are budgeted for recreation (16), snow removal (1), crossing guard (1), and call firefighters.

Figures above are only G/F, and do not included 7 F/T employees recommended in water department, and 5 F/T employees at the wastewater treatment facility.



New Proposal:

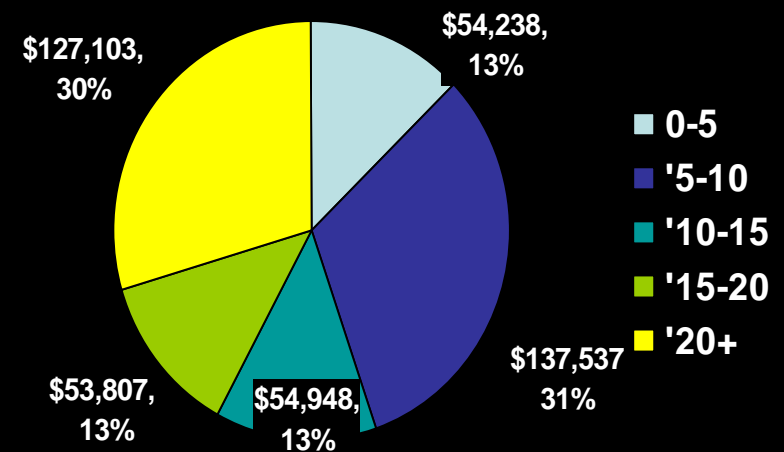
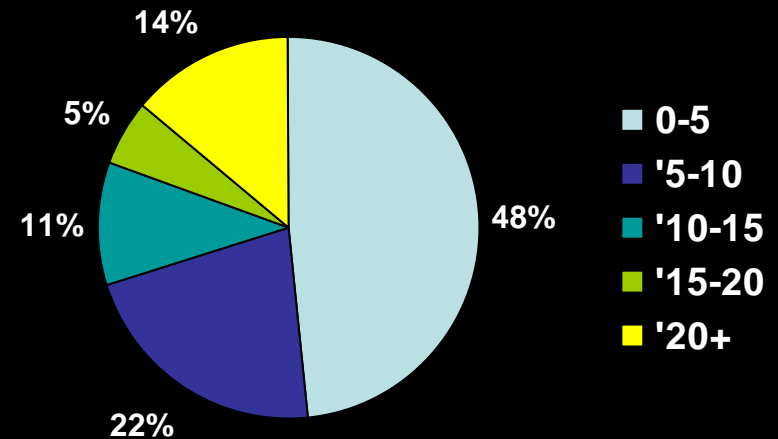
Create an Employee Accrued Liability Fund

- Current Bargaining Agreements and Personnel Plan call for variations of payouts at termination for accrued vacation and sick time.
- City has not budgeted for these payouts specifically, rather absorbs them in the budget as they occur.
- Range in total payouts since 2007 = \$30,000 to \$116,000
- FY 2011 year to date = \$14,000
- FY2012 Proposal is an initial funding of \$10,000



G/F Accrued Employee Liability \$427,000 as of June 30, 2010

- The top chart reflects employee years of service by percentages.
- The bottom chart reflects the Accrued Liability as a percentage of the whole base on years of service.



2011-2012 Proposed Budget Capital Improvement Program Capital Outlay



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Purpose and Use of CIP

- Stability in tax rates and budgets
- State statutory and other legal requirements
- Citizen's and developer's guide to planned expenditures
- A management tool for City Officials/City Council

Proposed Capital Improvements

Capital Outlay

Not yet acted on by Council



Police Cruisers (One Cruiser Replacement)	\$ 31,602
Thermal Imaging Camera (4th year of 4 year program)	\$ 11,750
Sidewalk Plow - 10% down payment on a lease purchase agreement	\$ 13,500
One Ton Sander Replacement	\$ 5,200
Financial Server Upgrade	\$ 9,500
Articulated Snow Plow	\$ 10,100
Noble Pines Improvements	\$ 50,000



Items in Capital Improvement Program *not* Proposed due to Budget Constraints

- One Police Cruisers – Plan calls for two
- Road Resurfacing – Plan calls for \$300,000 (\$150,000 proposed)
- Master Plan Update
- Fire Command Vehicle
- One Articulated Plow – Plan calls for two



2011-2012 Proposed Budget Estimated Tax Rate



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Estimated Tax Rate Set by State Department of Revenue Administration in Fall

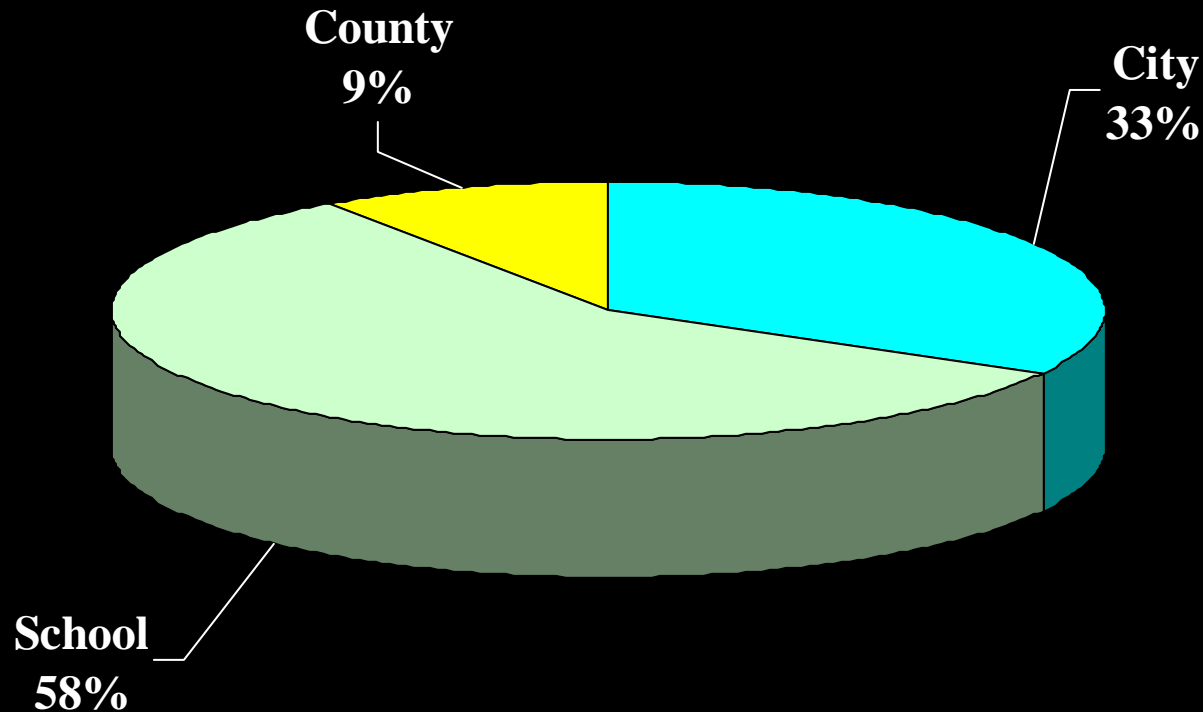


	10/11 Actual	11/12 Estimated	Change
City	9.05	9.54	.49
School - Local	13.12	14.03	.91
School - State	2.51	2.50	(.01)
County	<u>2.64</u>	<u>2.72</u>	<u>.08</u>
Total	27.32	28.79	1.47



Estimated Tax Rate

\$28.79 per \$1,000



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Estimated Property Tax Bill

Average Residential Assessment = \$195,500	Actual FY11 Tax	Estimate FY12 Tax	\$ Change
City	\$ 1,769	\$ 1,865	\$ 96
School	\$ 3,056	\$ 3,232	\$ 176
County	\$ 516	\$ 531	\$ 15
Total Property Tax Bill	\$ 5,341	\$ 5,628	\$ 287

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2011-2012 Proposed Budget Enterprise Funds



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Wastewater Fund

Proposed FY 2012 Budget = \$2,166,752

- Increase in rates effective July 1, 2011 of 10%
 - Anticipated revenues for FY 2012 are \$2,565,690
 - Estimated FY 2012 operating surplus is approx. \$400,000.
 - Current rates are \$5.00 per 100 cubic feet of use, increasing to \$5.50 per 100 cubic feet of use on July 1, 2011.
 - An average bill, using 12,000 cubic feet per year – State DES avg. home, will increase from \$640 to \$700.
- Budget highlights
 - Increase in overall budget is 10.35%.
 - Budget includes municipal operation with 5 full time staff.
 - CIP Projects – Portable Pump, Engineering Design Study, Energy Efficient Blowers, and costs associated with the High Street Resurfacing project.



Water Fund

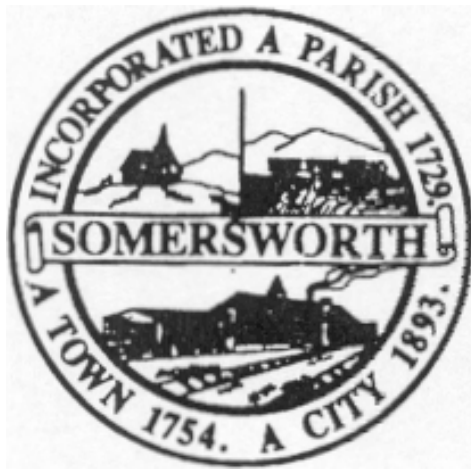
Proposed FY 2012 Budget = \$1,951,232

- Currently no Increase in Rates Scheduled – Under Staff Review
 - Anticipated revenues for FY 2012, pending any change in rates is \$2,270,000.
 - Estimated operating surplus in FY2012 is \$300,000.
 - Current rates are \$3.91 per 100 cubic feet of use.
 - An average bill, using 12,000 cubic feet per year – State DES avg. home, is \$499.
- Budget highlights
 - Proposed budget **decrease** of 4.10%
 - CIP Projects – Water Tank Maintenance, Engineering Design Study, and costs associated with the High Street Resurfacing project.



Summary

- **State budget concerns may create additional challenges for the City by way of possible reduction in State Building Aid as well as the downshifting of additional costs such as retirement costs.**
- **The adoption of the Budget is perhaps one of the most important actions faced by the City Council each year. In order to continue providing the highest level of services to our residents, consideration must be given to the maintenance and/or upgrade of the City's infrastructure, such as roads, sidewalks, public facilities, and providing basic municipal services. The budget document will outline those policy decisions adopted by the City Council and then charged to the City Manager to implement in the most cost-effective manner.**



The Somersworth School Department



Our Goal



- Goal: Develop a 2011-2012 budget for the Somersworth School District that will:
- Meet the educational needs of our students
 - Determine the balance of providing quality education while being sensitive to the taxpayers in Somersworth
 - Meet the contractual obligations of our District

Budget Recommendation

Operating Budget Expenditures	<u><u>\$24,270,026</u></u>
--------------------------------------	-----------------------------------

		%
Budget Expenditures Increase (Decrease)		Increase
Salaries	37,046	
Benefits	527,437	
Purchased Services	(94,190)	
Supplies	144,391	
Equipment	2,303	
Debt Service and Other	<u>(17,669)</u>	
Sub-total Expenditure Increase (Decrease)	599,318	2.56%

Budget Recommendation

Operating Budget Expenditures **\$24,270,026**

		%
Budget Expenditures Increase (Decrease)		Increase
CIP Items <u>Included</u> in Operating Budget – Included in Purchased Services		
Hilltop Closure	24,730	
Middle School Asbestos Abatement & Floor Replacement	18,753	
High School Replace Ventilation Ductwork	89,900	
High School Asbestos Abatement & Floor Replacement	27,030	
District Wide Bleacher Repairs	10,000	
District Wide Annual Painting & Ceiling Tile Program	20,000	
District Wide Floor Replacement	16,000	
District Wide Technology Computer Lease	<u>85,000</u>	
Sub-total CIP Items	291,413	1.25%
Total Proposed Operating Budget Expenditure Increase	890,731	3.81%

Budget Expenditures Summary

Salaries and Benefits

64% Based on contracts, federal & state regulations
Based on contracts, such as but not limited to;
transportation and special education out-of district

Purchased Services

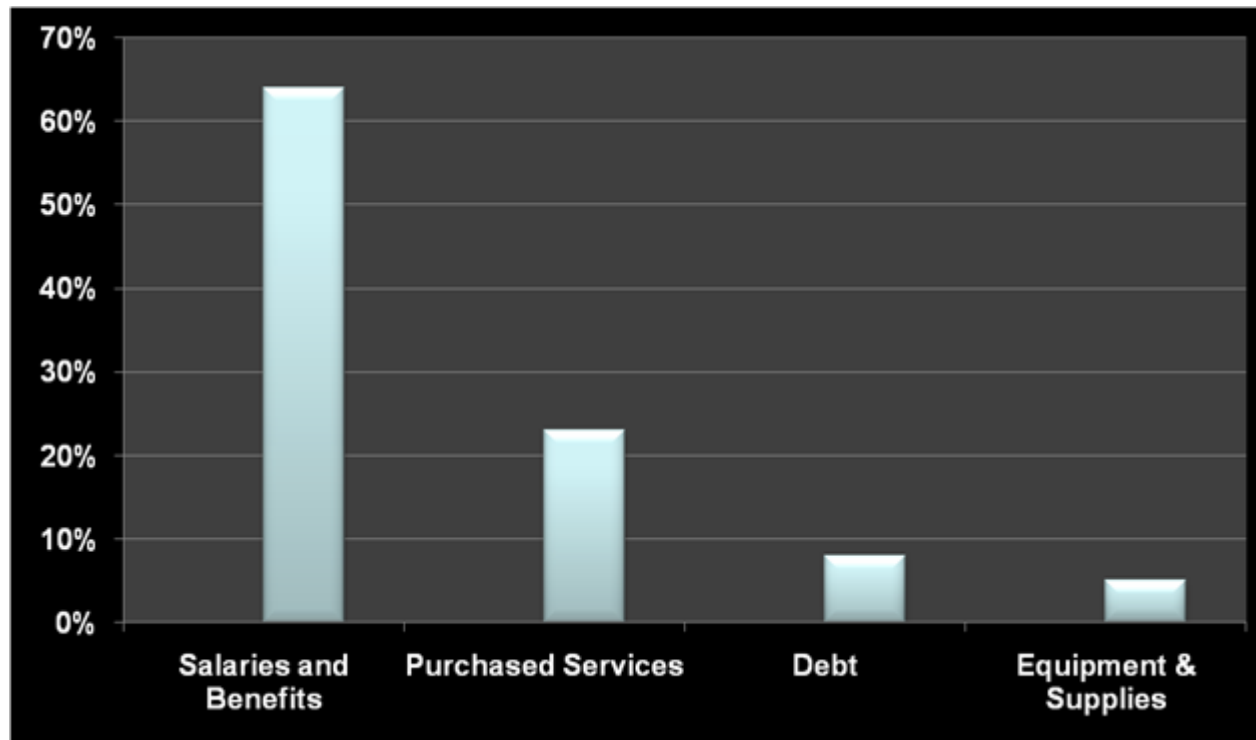
23% tuition

Debt

8% Principal & interest on bonds

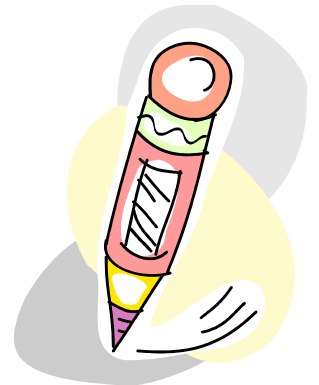
Equipment & Supplies

5%



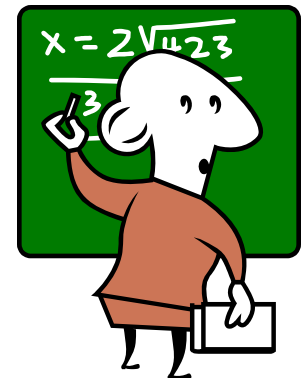
Bottom Line

Recommended Expenses	\$24,270,026
<u>Projected Revenues</u>	<u>10,414,253</u>
Total to be raised by taxes:	\$13,855,773



Budget Recommendation

		<u>Proposed</u>
2011/2012	Budget	\$24,270,026
2010/2011	Budget	<u>\$23,379,295</u>
Proposed Increase		\$ 890,731





This budget met the criteria of:

- Meet the educational needs of our students
- Determine the balance of providing quality education while being sensitive to the taxpayers in Somersworth
- Meet the contractual obligations of our District

Plans After Graduation

Year	Post Secondary Education 4-Year	Post Secondary Education 2-Year	Employment	Military	Other
2006-2007	44	25	17	5	20
2007-2008	58	24	35	2	11
2008-2009	56	39	29	5	0
2009-2010	43	35	16	3	29

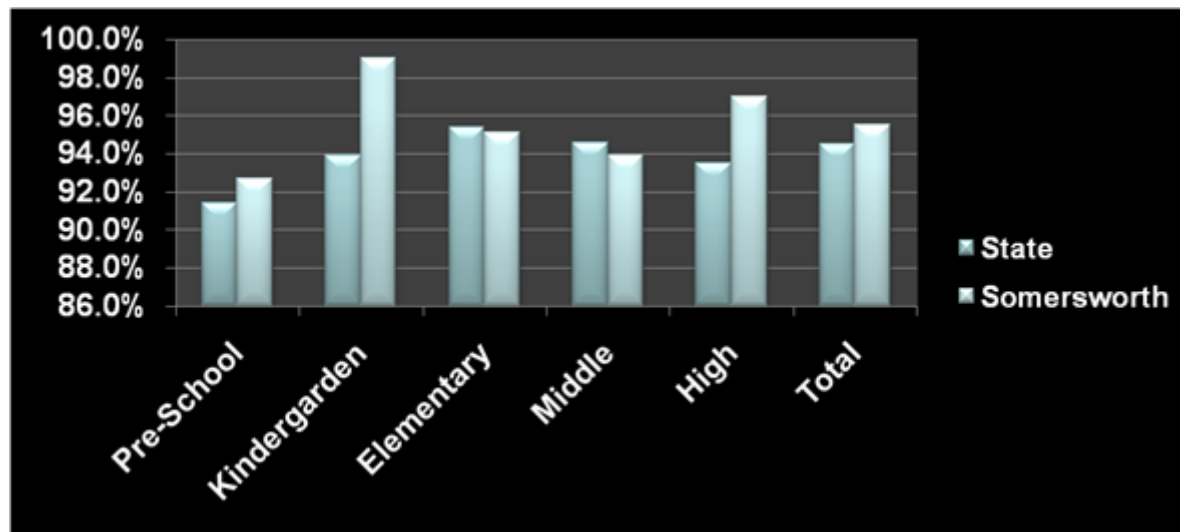


HILLTOPPERS UNITED

Cost Per Pupil – FY 2009-2010

District	Elementary	Middle	High	Total (Pre School - Grade 12)
State Average	\$ 12,600	\$ 11,550	\$ 12,036	\$ 12,214
Somersworth	\$ 12,340	\$ 11,159	\$ 11,752	\$ 11,763

Attendance Rate – FY 2009-2010



Points Of Pride



- The Somersworth Children's Festival provides funding each year for an Artist-in-Residence. This year we are fortunate to have Diane Kordas for an eleven day residency. She will be working with the students to make puppets from recycled materials. An evening gallery will be held on April 8th. The PTA will host a Spaghetti Dinner from 5:30-7:00 and the Art Gallery opens at 6:00. The community is invited.
- The Marketing Class is working with the City's Vision 20-20 Committee to develop logos and branding for the 20-20 initiative

Points Of Pride



- CONGRATULATIONS to the Somersworth High School Basketball and Hockey teams. What an accomplishment...two state championships in one weekend! Congratulations to all the athletes and their coaches for a job well done.

A state championship, winning a band competition and even winning a spelling bee is a accomplishment, but it doesn't happen by accident. Behind these athletes, musicians and scholars are a long list of teachers and support staff in all grades, clerical, custodians/maintenance, food service, bus drivers, administrators and many others who have provided young people in Rollinsford and Somersworth with opportunities, support and encouragement-that is you!

It takes a good team to make a good team!

So, congratulations to our students and congratulations to you as well. Thank you for all you do!

Points Of Pride



- Fifteen seniors qualified for the NHIAA Student Athlete Awards—Seniors who played sports for 3 seasons for all 4-years with minimum overall average of B+.
- Somersworth has the hardest working math team around, and on March 23 they finished second (to STA) at the state meet at PSU. There are only divisions, large and small, and it is very competitive, so their performance is very notable.

Community

- SAU 56 Website
- Alert NOW Emergency Notification System
- Web2School Student Information System With Parent/Student Web Portal
- Somersworth Chamber of Commerce
- Somersworth E-News
- Free Press
- School Newsletters
- Channel 22
- Somersworth Rotary
- Community Agencies



School Department Contacts

Contact: Dr. Robert Lister, Superintendent of Schools
blister@sau56.org

Marie D'Agostino, Business Administrator
mdagostino@sau56.org

or

Call the SAU Office
603-692-4450