

# Brentwood Municipal Budget Committee

## Meeting Agenda

May 5, 2025 at 5 pm – Brentwood Town Office

1. Call to Order
2. Pledge of Allegiance
3. Minutes for Review/Approval
  - a. April 21, 2025 Regular session
4. Updates from Selectmen/School Board
5. Budgets to Review
6. Old Business
  - a. Rep. Turer & Rep Litchfield review of *NH SB297 - Relative to pooled risk management programs*
  - b. Review impact of warrants that contain clause “*from the unreserved fund balance. No amount to be raised from taxation*” on budget, fund balance, tax rate, and tax cap
  - c. Review RSA 32:18 - *Limitation of Appropriations* (“10% Rule”), and RSA 32:18-a - *Legislative Body Override of Limitation of Appropriations* (“Override the 10% Rule”) and impact of tax cap
  - d. FY2025 budget estimated tax impact – update based on town meeting. Review tax impact using typical methodology (flat drivers) and one other most likely scenario.
  - e. Summary of outstanding municipal bonds (debt obligations) and review future bond payment schedule.
7. New/Other Business and Correspondence
  - a. Subcommittees
8. Public Comments
9. Adjournment

# **Brentwood Municipal Budget Committee**

## May 5, 2025 at 5 pm

### **Old Business:**

b: Review impact of warrants that contain clause “*from the unreserved fund balance. No amount to be raised from taxation*” on budget, fund balance, tax rate, and tax cap



# Warrants Utilizing Unreserved Fund Balance

- ❑ At the town meeting on March 15, 2025, warrant articles were approved by the legislative body that contained the language *“from the unreserved fund balance. No amount to be raised from taxation”*
- ❑ These warrants totaled \$335,611
  - Article 4 – Front end loader - \$165,500
  - Article 5 – Highway vehicles/equipment C/R fund - \$150,000
  - Article 8 – Rec Dept expanded part time position - \$12,111
  - Article 9 – Establish master plan expendable trust fund - \$8500
- ❑ Per NH DRA, all approved warrants are considered FY2025 appropriations as defined in NH RSA 32.3 I & II
  - *I. "Appropriate" means to set apart from the public revenue of a municipality a certain sum for a specified purpose and to authorize the expenditure of that sum for that purpose.*
  - *II. "Appropriation" means an amount of money appropriated for a specified purpose by the legislative body.*



# Warrants Utilizing Unreserved Fund Balance

- The FY2025 appropriation approved by legislative body at town meeting is \$7,217,579 (\$6,771,968 operating budget and \$445,611 warrants)
- The legislative body approved four warrants that declared \$335,611 of the unreserved fund balance as “surplus” and to be used only for the purpose defined in warrant
- In October, when the tax rate is set, the following values will be submitted to NH DRA

Appropriations and Revenues		
Municipal Accounting Overview		
Description	Appropriation	Revenue
Total Appropriation	\$ 7,217,579	
Net Revenues (Not Including Fund Balance)		\$(2,108,966)
Fund Balance Voted Surplus		\$ (335,611)
Fund Balance to Reduce Taxes		\$(1)
War Service Credits	\$ 141,225	
Special Adjustment	\$0	
Actual Overlay Used	\$ 64,907	
<b>Net Required Local Tax Effort</b>	<b>\$ 4,979,133</b>	

- Note the Total Appropriation includes all warrants approved at Town Meeting
- Note that the \$335,611 value of warrants using unreserved fund balance is listed as “Fund Balance Voted Surplus”
- Fund balance to Reduce Taxes will be determined by Select Board in October (default as \$1)



# Utilizing Fund Balance to Lower Taxes – Tax Cap Impact

- ❑ Per RSA 32.5b I-a. *If the local taxes raised for the prior year were reduced by **any** fund balance brought forward from previous years, the amount of such reduction shall be added back and included in the amount to which the tax cap is applied under paragraph I*
- ❑ Verified with NH DRA finance and NHMA legal that the tax cap base is equal to the Net Required Local Tax Effort plus Fund Balance Voted Surplus plus Fund Balance to Reduce Taxes listed on the Municipal Accounting Overview submitted to NH DRA in October

Appropriations and Revenues		
Municipal Accounting Overview		
Description	Appropriation	Revenue
Total Appropriation	\$ 7,217,579	
Net Revenues (Not Including Fund Balance)		\$(2,108,966)
Fund Balance Voted Surplus		\$ (335,611)
Fund Balance to Reduce Taxes		\$ (1)
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Special Adjustment	\$0	
Actual Overlay Used	\$ 64,907	
<b>Net Required Local Tax Effort</b>		<b>\$ 4,979,133</b>

- ❑ In this example, the “*local taxes raised for the prior year*” or base for the tax cap is equal to \$5,314,745 (\$4,979,133 + \$335,611 + \$1)

# **Brentwood Municipal Budget Committee**

May 5, 2025 at 5 pm

## **Old Business:**

c: Review RSA 32:18 - *Limitation of Appropriations* (“10% Rule”), and RSA 32:18-a - *Legislative Body Override of Limitation of Appropriations* (“Override the 10% Rule”) and impact of tax cap



# RSA 32:18 - Limitation of Appropriations

## *“The 10% Rule”*

- In towns with an official budget committee, the total amount appropriated by the town meeting, including amounts appropriated in separate and special warrant articles, cannot exceed the total recommended by the budget committee by more than 10 percent.
- The 10 percent calculation is computed on the total amount recommended by the budget committee (including separate warrant articles), less that part of any appropriation item which constitutes “fixed charges.”
- Fixed charges include appropriations for principal and interest payments on bonds and notes, as well as mandatory assessments imposed on towns by the county, state or federal governments.
- In a town with a tax cap, the 10 percent rule still applies regardless of how the cap affects the proposed budget. In other words, the legislative body may only appropriate up to 10 percent more than the total amount recommended by the budget committee.



## RSA 32:18-a - Legislative Body Override of Limitation of Appropriations “Override the 10% Rule”

- Establishes a procedure for a budget committee town to vote to override the 10 percent rule on specific bond issue questions.
- If a warrant article for a bond is not recommended in its entirety by the budget committee, the governing body may vote to place the article on the warrant with the phrase “*passage of this article shall override the 10 percent limitation imposed on this appropriation due to the non-recommendation of the budget committee.*”
- The bond article still must pass by the statutorily required three-fifths (3/5) majority vote.
- Under RSA 32:19, amounts that are included in a budget for funding the cost items of collective bargaining agreements are exempt from the 10 percent rule.



# RSA 32:18 - Limitation of Appropriations

## *“The 10% Rule” Example*

- ❑ Here’s an example to show how the 10% rule is defined

Budget Committee Recommended Budget	\$4,200,000
Total fixed charges (bond principal & interest) in budget	\$200,000
<b>Base Budget for 10% rule (less fixed charges)</b>	<b>\$4,000,000</b>

10% maximum override value (10% of \$4M)	\$400,000
<b>Maximum appropriation (including all warrants)</b>	<b>\$4,600,000</b>

- ❑ The base budget for 10% rule does not include fixed charges, in this case \$200,000 of principal and interest on bonds
- ❑ The 10% maximum budget limit is \$400,000 over the budget committee recommended total budget
- ❑ At Town Meeting, the legislative body could approve appropriations up to but not exceeding \$4,600,000.



# RSA 32:18 - Limitation of Appropriations

## *“The 10% Rule” with a Tax Cap*

- ❑ Per RSA 32.5-b III - The legislative body may override the cap by the usual procedures (3/5 majority) applicable to annual meetings of the legislative body. The provisions of this section shall not limit the legislative body's authority to increase or decrease the amount of any appropriation or the total amount of all appropriations.
- ❑ The legislative body can override the 4% tax cap at town meeting, but the approved appropriations must comply with the 10% rule per RSA 32:18
- ❑ A 3/5 majority of the legislative body may approve a bond that was not recommended by budget committee which exceeds both the tax cap and the 10% rule (per 32.5-b III and 32:18-a)
- ❑ There is currently proposed legislation to further clarify RSA 32.5-b III.  
***HB200 - Relative to the procedure for overriding a local tax cap*** has passed the House and is in Senate. It basically further details “the usual procedures” and clarifies that the legislative body can approve an approved appropriation that exceeds the tax cap and that it requires a 3/5 majority ballot vote.

# **Brentwood Municipal Budget Committee**

## May 5, 2025 at 5 pm

### **Old Business:**

d: FY2025 budget estimated tax impact – update based on town meeting. Review tax impact using typical methodology (flat drivers) and one other most likely scenario.



# FY2025 Budget - Estimated Tax Impact

☐ Brentwood Municipal Budget Committee Public Hearing February 10, 2025

TAX IMPACT OF BUDGET		
SCENARIO:		
• Town revenues	+10%	
• Fund Balance to reduce taxes	\$1,350,192	(11.3% of TTE - \$1M)
• War service credit	+5%	
• Actual overlay used	-50%	
• Education Grant (Adequacy)	no change	
• Retained State Education Tax	no change	
• Total Town Assessment	+2%	

TAX IMPACT OF BUDGET - ESTIMATED	
• TAX IMPACT estimated with scenario:	7.1% increase
• \$714 increase	\$400K property
• "...estimated tax impact will always be just that: an estimate." - NHMA	
• Note: If any estimates change during the year, it will change this scenario	

	Tax Rate per \$1,000	Percentage of Tax
Local Education	19.43	72%
State Education	1.59	6%
Municipal	5.09	19%
County	0.84	3%
<b>Total</b>	<b>26.96</b>	<b>100%</b>



# FY2025 Budget - Estimated Tax Impact

Alternate view of estimated revenue and fund balance use

	ESTIMATED	% for next yr
Town Appropriation (MS-232)	\$ 7,217,579	7.99%
- revenues (MS-434)	\$ (2,205,678)	5.00%
- fund balance voted surplus (MS-434)	\$ (335,611)	
- fund balance to reduce taxes (MS-434)	\$ (1)	-100.00%
+ war service credit (MS-1)	\$ 141,225	5.00%
+ special adjustment	\$ -	
- special adjustment	\$ -	
+ Actual overlay used (MS-434R)	\$ 64,907	-50.00%
<b>Total Town Tax Effort</b>	<b>\$ 4,882,420</b>	<b>22.76%</b>
<b>County Apportionment</b>	<b>\$ 648,706</b>	<b>-0.002466%</b>
Local School Appropriation (MS-22)	\$ 7,459,745	5.25%
- Local School Revenue (MS-24)	\$ (275,000)	5.13%
Local School Assessment	\$ 7,184,745	5.26%
+ Coop School Assessment	\$ 10,860,968	15.35%
Total School Assessment	\$ 18,045,713	
- Education Grant (Adequacy)	\$ (1,851,339)	0.00%
- Retained State Education Tax	\$ (1,189,022)	0.00%
<b>Local Education Tax Effort</b>	<b>\$ 15,005,352</b>	<b>13.66%</b>
<b>State Education Tax Effort</b>	<b>\$ 1,189,022</b>	<b>0.00%</b>
<b>Total Tax Effort</b>	<b>\$ 21,725,500</b>	<b>14.25%</b>
Total Assessment Valuation <u>With</u> Utilities	\$ 772,097,034	2.00%
Total Assessment <u>Without</u> Utilities	\$ 749,374,494	2.00%

Tax Rate (per thousand):		
Municipal:	\$ 6.32	<b>20.45%</b>
County:	\$ 0.84	<b>-2.30%</b>
Local Education:	\$ 19.43	<b>11.44%</b>
State Education:	\$ 1.59	<b>-1.85%</b>
<b>Total Tax Rate:</b>	<b>\$ 28.19</b>	<b>11.99%</b>
	<b>400k house</b>	<b>\$11,275</b>
	<b>400k house (change)</b>	<b>\$1,207</b>

- Updated revenue growth to 5% (\$2,205,678)
- \$1 fund balance to offset taxes  
(try to retain minimum 5%)
- Projected Town tax rate \$6.32 (+\$1.07 from 2024)
- 12% projected overall tax rate increase (\$28.19)
- \$11,275 projected tax on \$400K home
- \$1,207 projected tax increase on \$400K home



# FY2025 Budget - Estimated Tax Impact

Historic method of estimating tax impact

	ESTIMATED	% for next yr
Town Appropriation (MS-232)	\$ 7,217,579	7.99%
- revenues (MS-434)	\$ (2,100,646)	0.00%
- fund balance voted surplus (MS-434)	\$ (335,611)	
- fund balance to reduce taxes (MS-434)	\$ (534,453)	-38.57%
+ war service credit (MS-1)	\$ 134,500	0.00%
+ special adjustment	\$ -	
- special adjustment	\$ -	
+ Actual overlay used (MS-434R)	\$ 129,813	0.00%
<b>Total Town Tax Effort</b>	<b>\$ 4,511,182</b>	<b>13.42%</b>
<b>County Apportionment</b>	<b>\$ 648,706</b>	<b>-0.002466%</b>
Local School Appropriation (MS-22)	\$ 7,459,745	5.25%
- Local School Revenue (MS-24)	\$ (275,000)	5.13%
Local School Assessment	\$ 7,184,745	5.26%
+ Coop School Assessment	\$ 10,860,968	15.35%
Total School Assessment	\$ 18,045,713	
- Education Grant (Adequacy)	\$ (1,851,339)	0.00%
- Retained State Education Tax	\$ (1,189,022)	0.00%
<b>Local Education Tax Effort</b>	<b>\$ 15,005,352</b>	<b>13.66%</b>
<b>State Education Tax Effort</b>	<b>\$ 1,189,022</b>	<b>0.00%</b>
<b>Total Tax Effort</b>	<b>\$ 21,354,262</b>	<b>12.29%</b>
Total Assessment Valuation <u>With</u> Utilities	\$ 756,957,876	0.00%
Total Assessment <u>Without</u> Utilities	\$ 734,680,876	0.00%

Tax Rate (per thousand):		
Municipal:	\$ 5.96	13.52%
County:	\$ 0.86	-0.35%
Local Education:	\$ 19.82	13.67%
State Education:	\$ 1.62	0.00%
<b>Total Tax Rate:</b>	<b>\$ 28.26</b>	<b>12.28%</b>
	<b>400k house</b>	<b>\$11,304</b>
	<b>400k house (change)</b>	<b>\$1,236</b>

- Revenue flat from 2024 (\$2,100,646)
- Total fund balance offset to taxes flat from 2024 (fund balance used to reduce taxes = \$870,064)
- War Service Credit & Actual Overlay flat from 2024
- Total valuation flat from 2024
- Projected Town tax rate \$5.96 (+\$0.71 from 2024)
- 12.3% projected overall tax rate increase (\$28.26)
- \$11,304 projected tax on \$400K home
- \$1,236 projected tax increase on \$400K home



# FY2025 Unreserved Fund Balance Analysis

## ***NH DRA recommends 5%-17% retained***

Forecasted revenue to state	\$2,100,646
Actual FY2024 revenue	\$2,100,646
<b>revenue surplus</b>	\$0
total appropriation (with warrants)	\$6,683,762
actual expenditures (through 2/14)	\$6,089,066
<b>unexpended balance of appropriations</b>	<b>\$594,696</b>
Retained Fund balance (10/25/24)	\$977,530
additional balance from FY2024	\$594,696
<b>New Fund Balance</b>	<b>\$1,572,226</b>
2024 General Fund Operating Expenses	\$21,722,938
<b>2025 General Fund Operating Expenses</b>	<b>\$24,060,658</b>
FY2025 Fund Balance to Reduce Taxes	<b>\$335,610</b>
FY2025 Retained Fund Balance	\$1,236,616
% Retained Fund Balance	5.1%

FY2025 Fund Balance to Reduce Taxes	<b>\$1,350,192</b>
FY2025 Retained Fund Balance	\$222,034
% Retained Fund Balance	0.9%
FY2025 Fund Balance to Reduce Taxes	<b>\$870,064</b>
FY2025 Retained Fund Balance	\$702,162
% Retained Fund Balance	2.9%

- 2024 Total retained fund balance = \$977,530 (NH DRA)
- Assume no revenue surplus (numbers are not finalized yet)
- Unexpended balance of appropriations = \$594,696 (as of 2/14)
- Estimated current retained fund balance = \$1.57M
- FY2025 Operating expenses are \$24M (town, county, total school)
- Using town meeting mandated \$335,610 of fund balance leaves \$1.24M retained fund balance or **5.1%** of General Operating Expenses

- Using \$1.35M (budget hearing) leaves \$222,034 or **0.9%** retained
- Using \$870,064 (2024 value) leaves \$702,162 or **2.9%** retained
- NH DRA goal of 8% retained = \$1,924,853

# **Brentwood Municipal Budget Committee**

May 5, 2025 at 5 pm

## **Old Business:**

e: Summary of outstanding municipal bonds (debt obligations) and review future bond payment schedule.



# Brentwood Bond Payment

- ❑ The Town currently has seven (7) outstanding municipal bonds (debt obligations)

Bond ID	Bond Name	Start Date	Debt Schedule (years)	End Date	Total Principal	Total Interest	Interest Rate	Total Payment
A	Road Construction	8/15/2017	10	8/15/2027	\$526,700	\$146,549	1.75%	\$673,249
B	Conservation Easement Acquisition 1	1/15/2012	20	1/15/2032	\$268,300	\$100,140	3.28%	\$368,440
C	Fire Station	1/15/2012	20	8/15/2030	\$1,551,000	\$709,890	3.81%	\$2,260,890
D	Conservation Easement Acquisition 2	8/15/2009	20	8/15/2028	\$947,045	\$417,334	4.24%	\$1,364,379
E	Conservation Easement Acquisition 3	8/15/2008	20	8/15/2027	\$237,800	\$101,953	4.56%	\$339,753
F	Conservation Easement Acquisition 4	1/15/2006	20	1/15/2025	\$500,000	\$226,482	3.29%	\$726,482
G	Fuller Property Conservation Easement	8/15/2025	15	8/15/2029	\$225,250	\$92,094	3.46%	\$317,344

- ❑ Bonds range in start date from 2006 up to 2025
- ❑ Largest outstanding bond is for fire station (expires 2030)
- ❑ Majority of debt obligations are for conservation easements which aligns with our master plan survey results that showed an overwhelming desire for “*maintaining Brentwood’s rural land, open spaces, forest land, and natural resources*” and “*to preserve other areas for open space, wildlife habitat and recreational opportunities*”. Our recent housing survey also showed “*Of priorities, protecting natural resources and rural character was one of the most commonly stated concerns*”



# Brentwood Bond Payment Schedule

These tables show the yearly total debt payments (principal and interest) for all bonds

Bond ID	Bond Name	Remaining Balance	Total Payment (Principal and Interest)							
			FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
A	Road Construction	\$165,300	\$57,650	\$55,100	\$52,550					
B	Conservation Easement Acquisition 1	\$99,077	\$17,491	\$17,035	\$11,748	\$11,348	\$10,948	\$10,334	\$10,173	\$10,000
C	Fire Station	\$500,671	\$92,189	\$88,439	\$84,877	\$81,314	\$77,564	\$76,288		
D	Conservation Easement Acquisition 2	\$188,630	\$49,716	\$47,747	\$45,778	\$45,389				
E	Conservation Easement Acquisition 3	\$31,538	\$10,725	\$10,550	\$10,263					
F	Conservation Easement Acquisition 4	\$26,250	\$26,250							
G	Fuller Property Conservation Easement	\$317,344	\$26,793	\$25,770	\$25,003	\$24,235	\$23,468	\$22,650	\$21,885	\$21,120
<b>TOTAL</b>		<b>\$1,328,810</b>	<b>\$280,814</b>	<b>\$244,641</b>	<b>\$230,219</b>	<b>\$162,286</b>	<b>\$111,980</b>	<b>\$109,272</b>	<b>\$32,058</b>	<b>\$31,120</b>
<b>REDUCTION FROM PRIOR YEAR</b>			<b>\$0</b>	<b>-\$36,173</b>	<b>-\$14,422</b>	<b>-\$67,933</b>	<b>-\$50,306</b>	<b>-\$2,708</b>	<b>-\$77,214</b>	<b>-\$938</b>
<b>CUMULATIVE REDUCTION FROM FY2025</b>			<b>\$0</b>	<b>-\$36,173</b>	<b>-\$50,595</b>	<b>-\$118,528</b>	<b>-\$168,834</b>	<b>-\$171,542</b>	<b>-\$248,756</b>	<b>-\$249,694</b>

Bond ID	Bond Name	Total Payment (Principal and Interest)							
		FY2033	FY2034	FY2035	FY2036	FY2037	FY2038	FY2039	FY2040
A	Road Construction								
B	Conservation Easement Acquisition 1								
C	Fire Station								
D	Conservation Easement Acquisition 2								
E	Conservation Easement Acquisition 3								
F	Conservation Easement Acquisition 4								
G	Fuller Property Conservation Easement	\$20,355	\$19,590	\$18,825	\$18,060	\$17,295	\$16,530	\$15,765	
<b>TOTAL</b>		<b>\$20,355</b>	<b>\$19,590</b>	<b>\$18,825</b>	<b>\$18,060</b>	<b>\$17,295</b>	<b>\$16,530</b>	<b>\$15,765</b>	<b>\$0</b>
<b>REDUCTION FROM PRIOR YEAR</b>		<b>-\$10,765</b>	<b>-\$765</b>	<b>-\$765</b>	<b>-\$765</b>	<b>-\$765</b>	<b>-\$765</b>	<b>-\$765</b>	<b>-\$15,765</b>
<b>CUMULATIVE REDUCTION FROM FY2025</b>		<b>-\$260,459</b>	<b>-\$261,224</b>	<b>-\$261,989</b>	<b>-\$262,754</b>	<b>-\$263,519</b>	<b>-\$264,284</b>	<b>-\$265,049</b>	<b>-\$280,814</b>

- Note that the reduction in debt payments each year is a result of
- Final bond payment in previous year
  - Reduction from prior year in principal and/or interest payment on active bonds



# Brentwood Bond Payment Schedule

Bond ID	Bond Name	Total Payment (Principal and Interest)							
		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
A	Road Construction	\$57,650	\$55,100	\$52,550					
B	Conservation Easement Acquisition 1	\$17,491	\$17,035	\$11,748	\$11,348	\$10,948	\$10,334	\$10,173	\$10,000
C	Fire Station	\$92,189	\$88,439	\$84,877	\$81,314	\$77,564	\$76,288		
D	Conservation Easement Acquisition 2	\$49,716	\$47,747	\$45,778	\$45,389				
E	Conservation Easement Acquisition 3	\$10,725	\$10,550	\$10,263					
F	Conservation Easement Acquisition 4	\$26,250							
G	Fuller Property Conservation Easement	\$26,793	\$25,770	\$25,003	\$24,235	\$23,468	\$22,650	\$21,885	\$21,120
<b>TOTAL</b>		<b>\$280,814</b>	<b>\$244,641</b>	<b>\$230,219</b>	<b>\$162,286</b>	<b>\$111,980</b>	<b>\$109,272</b>	<b>\$32,058</b>	<b>\$31,120</b>
<b>REDUCTION FROM PRIOR YEAR</b>		<b>\$0</b>	<b>-\$36,173</b>	<b>-\$14,422</b>	<b>-\$67,933</b>	<b>-\$50,306</b>	<b>-\$2,708</b>	<b>-\$77,214</b>	<b>-\$938</b>
<b>CUMULATIVE REDUCTION FROM FY2025</b>		<b>\$0</b>	<b>-\$36,173</b>	<b>-\$50,595</b>	<b>-\$118,528</b>	<b>-\$168,834</b>	<b>-\$171,542</b>	<b>-\$248,756</b>	<b>-\$249,694</b>

- Looking at the next seven (7) years, the town will reduce almost a quarter million dollars of bond payments (\$249,694)
- In the next three (3) years, \$118,528 will be reduced from bond payment appropriations
  - These dollars can be utilized for a new bond payment with no impact towards tax cap or property tax increase