
**REPORT
OF THE
SELECTBOARD
&
ADVISORY BUDGET COMMITTEE**



**FISCAL YEAR
&
TOWN MEETING
REVIEW AND RECOMMENDATIONS
FEBRUARY 7, 2012**

EXECUTIVE SUMMARY

Moultonborough runs its fiscal year on a January 1 to December 30 calendar, adopting the budget at a March Town Meeting.

The Report

Notwithstanding that this is the same system used in the vast majority of communities across the state; there are those that see flaws in this system. This report intends to look at the current system, alternatives thereto and report on our findings as to the methods and merits of change. What follows below is a very brief overview of the perceived fixes and benefits and the methods and recommendations on how to make such changes.

The Perceived Flaws

Sound Budgeting:

- Almost one-quarter of the budget is expended before the Town Meeting acts in March. If the budget at Town Meeting is substantially reduced below the year prior, there is limited time to react and one must cut deeply in the remaining months to achieve the overall year end result.
- The Town has a limited time to proceed with major projects as it needs to have an approved budget but has only nine months remaining in the fiscal year for bidding and the like.
- Taxes are collected in June and December in arrears of spending in the middle and at the end of the calendar fiscal year.

Town Meeting Attendance:

- Many people in the Town travel during winter to warmer climates. Some of those who cannot be present during a March Town Meeting believe this schedule disenfranchises them.
- Weather can be unpredictable in March and adverse conditions can present a challenge to people uncomfortable traveling to and from the Meeting in snowy or icy conditions.

The Perceived Fix

Sound Budgeting:

- Towns may adopt an optional fiscal year which runs from July 1 to June 30. This means the budget is in place before expenditures are actually made and there are six weeks to make adjustments and spread those adjustments over a full 12 month period if substantial cuts are made by the Town Meeting.
- The Town's budget is now aligned with the School District and the State, and contains the entire winter maintenance schedule in one budget.
- Taxes are collected at the same time of year but in advance of expenditure, as opposed to after.

Town Meeting Attendance:

- In conjunction with adopting the Optional Fiscal Year, adopt the optional May Annual Meeting to May.
- More people are in residence in town and weather is more agreeable for a better attendance.

The Challenge

- Adopt a single one time 18 month budget to cover the full transition period and find a way to cover the added six months of expenses.

The Methods

- Build up sufficient cash in advance in a reserve fund;
- Build up sufficient cash in the fund balance;
- Put it all into the Tax Rate in the transition year;
- Issue a bond;
- Convert to quarterly tax billings to have two added quarters of collections in the transition year (and subsequent years);
- Combinations thereof.

The Recommendations

- Adopt the Optional Fiscal Year effective January 1, 2013, for the period through June 30, 2014 with 12 month fiscal year budgets thereafter, at the 2012 Town Meeting
- Pay for the roughly \$3,000,000 of net expenses with roughly \$600,000+ from an increase in the tax rate in the transition year of roughly what one would have expended for the Year 1 payment on a 5 year bond and the balance through the use of \$2,400,000 of fund balance.
- Approve the floating of a Tax Anticipation Note (TAN) for the new FY 2014 budget and at least four years thereafter until fund balance is recovered sufficiently to cover regular cash flow needs.
- Adopt the May Town Meeting effective May of 2014, at the 2012 Annual Meeting.
- Should we move to a May Meeting, request that the School Board consider recommending moving their election to coincide with ours through an article at their 2013 Meeting.
- Continue to explore resolving software and workflow barriers to adoption of quarterly billing. (The SelectBoard is opposed while the Advisory Budget Committee is in favor)

Section 1: Introduction

I. Introduction

Article 8 of Moultonborough's 2010 Town Meeting reads: "To see if the Town shall vote that it is the 'Sense of the Meeting' that it wishes to convert from a January 1 to December 31 fiscal year with a March Town Meeting to a July 1 to June 30 fiscal year with a May Town Meeting and to ask the Board of Selectmen and the Advisory Budget Committee to report back on the procedures, fiscal impact, various means of transition and the advisability thereof no later than the Town Meeting of 2012." The Board of Selectmen and Advisory Budget Committee both recommended this Article unanimously and it was subsequently voted in the affirmative with a majority vote by the Town Meeting.

This report seeks to answer the charge from the community given in Article 8 by compiling the information in a format that can be easily transferred into a presentation to the 2012 Town Meeting. For the purpose of illustrations in this report, it is assumed that the transition will be approved at the 2012 Meeting with the transition occurring in 2013.

II. Current Status

At current, Moultonborough: operates on a calendar year, which begins on January 1st and ends on December 31st; has a March Town Meeting; and has a tax year running from April 1 to March 31, with collections twice per year in July and December. At Town Meeting the annual budget is voted on for the current calendar year, covering the previous two and a half months and the remainder of the year.

This process of waiting until March to have an Annual Meeting to approve the budget dates back to the 18th century, when transportation to even a local meeting proved treacherous between December and February; mud season in March was the first opportunity to hold a Town Meeting. Currently such factors are limited, permitting the exploration of alternatives to this timeline.

Under this calendar, not only does the budget take effect before it is approved, but it also creates a situation where money is spent before it is collected. While the budget year begins in January, the first property taxes do not begin to come in until six months into the year in June. This practice is known as collecting taxes in arrears of spending. Until property tax revenue comes in, the operations of the Town must be paid using the unrestricted fund balance, which represents the Town's emergency reserve. Despite some close calls, the Town has not recently been forced to use tax anticipation notes (TANs) to raise money to allow the government to operate, though many municipalities are forced to do so on a regular basis (and pay interest). In several instances, the Town has been forced to delay scheduled payments to the county (including in 2011) due in part to the cash flow problems associated with the semiannual tax collection system based around the calendar fiscal year.

While some may think that it would make more sense and be less complicated to stay on the calendar fiscal year and have a Town Meeting in November or December, there are several reasons why this is not a good choice. For one, budget adoption and Town Meeting would

coincide with the holiday season, making it difficult to schedule meetings with maximum attendance. Second, and more importantly, state statute does not allow this as a legal option; municipalities that operate on a calendar year must hold their Annual Meetings in March. As such, if the Town wants to approve its budget before it begins spending or move to a May Town Meeting, it must adopt the optional fiscal year running from July 1 to June 30.¹

Section 2: The Optional Fiscal Year

III. Overview

RSA 31:94-a provides that “Cities and towns and counties may adopt a single 18 month accounting period running from January 1 of the calendar year following adoption and ending June 30 of the next following year. Thereafter, accounting periods for such towns, cities, and counties shall run from July 1 to June 30 of the following year.” See Appendix A for all referenced state statutes.

As of July 2011, at least 35 municipalities and four counties (along with the State of New Hampshire) operate on the optional fiscal year. These municipalities run the gambit, ranging from Manchester (110,000 people and a municipal budget of over \$125 million) to Stoddard (just over 1,000 people and a municipal budget of roughly \$900,000). See Appendix B for a list of municipalities and counties that have adopted the July 1 – June 30 fiscal year.

As significant as the change to the accounting/budgeting period is the change to how tax dollars are collected and spent. The town currently collects taxes in arrears of spending, using the fund balance to finance the government until tax revenue arrives in the middle and at the end of the calendar year. When a municipality transitions to the optional fiscal year, however, it also transitions to collecting taxes prior to spending. The tax calendar and collection dates remain the same (unless the Town moves to quarterly billing), but by moving to the optional fiscal year the Town must raise 18 months of revenue over the course of two tax billings (which would normally bring in 12 months of revenue). Under an 18 month budget cycle the Town will not spend or collect more money than it would have under the calendar year method. The change is to the timing of when revenue is spent. Currently the Town has six months of expenses before it actually receives the revenue and receives the tax dollars at the end. After shifting to the optional fiscal year the Town would no longer spend tax revenue before collecting it. This paradigm shift in the revenue collection/spending process and budget approval lasts forever and the Town only must make the transition once.

IV. Negatives of the Optional Fiscal Year

The biggest challenge to switching to the optional fiscal year is actually transitioning to the new process of collecting and spending of property tax revenue and finding the revenue to cover the

¹ The exceptions are municipalities that have approved a charter, which may hold their elections and Meetings in March, May, or November, and municipalities that have the Official Ballot form of government, which may hold their elections and Meetings in March, April, or May.

one time added six months of Town operating expenses. The specific details of each financing method for the transition are discussed below.

Another challenge to moving to the optional fiscal year is that it changes the traditional budgeting calendar that everyone has grown accustomed to over hundreds of years. In addition to familiarity, the whole process of changing may create some confusion.

To transition, the Town must approve an 18 month budget to fund the timeframe covering the January after the optional fiscal year is approved (2013) through the following June 30 (2014). While this 18 month budget only occurs once, it does present a challenge for the staff, elected officials, and the Town Meeting to effectively predict what the Town's needs nearly two years into the future.

Currently Carroll County still operates on a calendar year, so transitioning to the optional fiscal year would put the town on a different schedule than the county. It is certainly conceivable that at some point in the future Carroll County will also transition to the optional fiscal year (as four other NH counties have) to align it with the state. Also, Carroll County may be more likely to transition if Moultonborough made the switch, considering we pay almost one quarter of the county's property taxes.

V. Positives of the Optional Fiscal Year

Shifting to the optional fiscal year provides the community with a wide range of benefits compared to the current calendar fiscal year. Many of the benefits are based around the simple fact that the budget is approved before it goes into effect and also that tax revenue is collected at the beginning and middle of the accounting period, as opposed to in the middle and at the end. By collecting revenue at the beginning of the fiscal year, the Town will no longer have to spend down the fund balance to finance the day-to-day operations of the Town except in times of shortfalls, greatly reducing the need to borrow in anticipation of taxes and increasing the interest that the fund balance can accrue. It does not mean, however, that the fund balance will not need to still have sufficient cash to fund the government through times of poor cash flow and in the event of an emergency.

Regardless of when the Annual Meeting is held, moving to the optional fiscal year allows the Town to approve its budget prior to beginning to expend it. This change grants the voters greater control over how the budget is spent and more flexibility over the timing of projects.

For example, under the current system if the Town Meeting voted to cut the bottom line of the budget by 10%, the staff would have fewer than 9 months to enact 12 months worth of budget cuts in terms of fewer programs, less personnel, or a combination of both. The following is an illustration of what that would look like:

Moultonborough's 2012 proposed operating budget of \$7,900,000 roughly equates to \$658,000 per month ($\$7,900,000 / 12$). If operating under a calendar year, spending up to the Meeting will have been based on the prior year's budget, so between the time elapsed before the Town Meeting and at minimum the

remainder of March for cuts to be identified and layoff notices to be distributed \$1,975,000 (\$658,000 x 3) will be spent before the 10% cut (\$790,000) can be enacted.²

$\$7,900,000 - \$1,975,000 - \$790,000 = \$5,135,000$ for the remaining 9 months (or roughly \$570,000 per month).

As a result, the Meeting's effort to reduce the budget by 10% would in fact reduce the budget by at least 14% (without trying to factor in unemployment compensation costs) for the months after Town Meeting, likely causing greater reductions in services than the Meeting anticipated when voting. In turn, a similar issue would occur if the Meeting increased the budget by 10%, unevenly distributing the increased programs in the final 9 months of the year. In essence, in the current system the Town Meeting really only has control over the months of the budget that follow it, as opposed to the full year.

The calendar year schedule also prevents the Town from undertaking projects or purchasing capital equipment prior to the Annual Meeting (during January, February, and early March) regardless of need, as they have not yet been approved. Even after approval, the Town often must wait until enough tax revenue is collected in June or July to pay for them. The optional fiscal year provides the Town with the full fiscal year to do these things, as the budget is approved prior to its enactment and tax revenue begins to come in at the beginning of the year.

By shifting to the optional fiscal year, the Town aligns its budget schedule with both the School District and the state. By being on the same "calendar" as the School, increased coordination and collaboration down the road can be facilitated. By aligning with the state, drastic changes in areas such as state aide to municipalities and the New Hampshire Retirement System will at least occur at the beginning of the Town's fiscal year, as opposed to in the middle. While these changes will be no easier to predict (unless a May Meeting is also adopted, which would improve the chances), the staff will at least have a full year to react to them.

Under the calendar year, the winter maintenance schedule is divided into two fiscal years, further complicating an expense that is already difficult to predict. In contrast, under the optional fiscal year, each winter season is fully contained in one budget.

Finally, both Moultonborough's auditors and several other communities felt that switching to the optional fiscal year would be a positive change. All fiscal year towns contacted agreed that it was a positive switch and they would not go back to the old calendar.

VI. May Town Meeting

If adopted, the optional fiscal year allows the Town to move to a May Town Meeting. Although the Town is not required to move the Meeting from March to May, remaining in March would eliminate some of the advantages of the optional fiscal year. Budgeting in March for the

² In addition, assuming layoffs were needed in response to the cuts, approximately \$850 per week per person would also need to be paid for unemployment compensation.

following July – June forces the Town to look two months further into the future than it has to (compared to a May Meeting). In addition to the budget, this also increases the already challenging process of projecting revenues. Despite the slight increase in time the Town must look forward, doing so still provides more control than the current system of spending first and getting the budget approved later.

The principal negative of moving to the May Town Meeting is that without a change in the form of government, the School District cannot move its Meeting from March, as is laid out in RSA 197:1. With that said, it must be clarified that while the School District cannot move the business portion of its Meeting to May, it can in fact move the election portion of its meeting to coincide with the town's election, as is laid out in RSA 671:22. If adopted, School District officers would serve through the District Meeting and would take office in May. Such a move is wholly within the control of the SAU and would need to be done one year prior to the move of the Town Meeting to avoid having any separate elections. If possible, such coordination of elections removes the objection to moving the Town Meeting to May that a move of the town election would force an additional election and the roughly \$3,500 cost associated with that.³

One of the benefits of the May Town Meeting is that it shifts the entire budget creation timeline, focusing it after the busy holiday season at the end of the calendar year. Currently the Town Administrator must complete his recommended budget by mid November and the various departments make presentations to the Board of Selectmen throughout December, with a May Town Meeting this schedule would be shifted two + months later. The following is roughly what the budget calendar would have looked like if we had a May Town Meeting in 2012:

- Early December: Budget guidance sent out to Department Heads;
- Early January: Department budgets returned to Town Administrator;
- Mid February: TA budget presentation to BoS & ABC;
- Late March: BoS finalize budget;
- Early-mid April: Public Budget Hearing;
- Late April: Annual Town Report available;
- May 12: Town Meeting.

While the initial stages of budget creation would still occur during December on the Department Head / Town Administrator level, the bulk of the work for the Board of Selectmen, Advisory Budget Committee, and the public would take place in February and March, as opposed to December and January. This shift should create a situation for a broader budget discussion with the community by timing meetings more conveniently for the general public.

Another benefit of moving the Town Meeting to May is that so-called "Snowbirds," or residents who spend their winters away from Moultonborough, are more likely to have returned and thus have a better opportunity to vote at Town Meeting. On the contrary, it is possible that some

³ There will remain some small and modest costs which may have been saved for the Supervisors of the Checklist advertising and the like enjoyed by the combined SAU/Town business Meeting.

people who currently attend the Meeting in March would be unable to do so in May due to the beginning of the summer season.

A May Town Meeting will make it at least somewhat easier to determine where the state is leaning in terms of its budget and how it may impact the town.

The opinion in Moultonborough appears to be generally in support of a May Town Meeting. This perception is based both on the passage of Article 8 at the 2010 Town Meeting (which in addition to moving to the optional fiscal year also indicated that the “sense of the meeting” was to move to a May Town Meeting) and on the results of an unscientific online survey of the public completed in March of 2010. When asked if they would attend a Town Meeting in May, over 77% said they were “very likely” or “somewhat likely” to attend; of those who said they were “unlikely” to attend, responses for why were a mixed bag between answers such as “I don’t go normally” and May is challenging because of work or because the weather is too nice. When asked directly, nearly 65% said they thought moving to a May Town Meeting was a good idea, regardless of how likely they are to attend. See Appendix C for the complete 2010 survey results.

The Town Assessor also indicated that he believes that by early May, with an additional two months of data, he will have a better sense of where property values are trending and be able to provide a more realistic estimate of what the tax rate might be.

Opinions from those in other fiscal year towns vary widely on whether or not the matter of the May Town Meeting should be linked to the optional fiscal year or not. Some believe that each should be dealt with in separate years and weighed on their own merits. Others believe that the May Town Meeting is a necessity for the optional fiscal year to be worth the effort. As is often the case, the truth is probably found in the middle, with the May Town Meeting being an added potential benefit of the shift but not being the only reason to adopt the optional fiscal year.

Section 3: The Transition

VII. The Transition

To transition to the optional fiscal year the Town Meeting must approve a one-time 18 month budget. Although it is often thought of as a 12 month budget with a six month budget on the end, in fact it is budgeted to cover the 6 months of the 2013 calendar and the following 12 months, ending on June 30, 2014. On the whole, although potentially somewhat challenging, creating this 18 month budget is not excessively burdensome. These 18 months of Town expenses must be covered during two tax billings, June 2013 and December 2013; the June 2014 billing will be the first time that taxes will not be collected in arrears of spending so this revenue will go towards the following six months rather than the preceding six months that just past as it would have traditionally. During this 18 month period the tax rate will be set once in October.

As nothing will be changing for the county, school, and state, their expenses do not need to be collected any differently than normal. While initially it may appear that the total amount that must be raised for the extra six months can be calculated by multiplying the annual municipal

budget by 150%, it is a bit more complicated than that. On the one hand, all expenses that occur in the second half of the year (July through December) are only counted once; on the other hand, expenses that occur in the first half of the year (January through June) must be counted and funded twice during the 18 month budget. In addition, the extra six months are typically crafted to be as “bare-bones” as possible so as little money as possible needs to be raised for the transition. As such, major expenses such as purchasing capital equipment, road improvements, and making contributions to capital reserve funds will only be funded once during the 18 months. With that said, we must still follow the annual increases for 2013 laid out in our capital financing plan so we do not fall further behind in that area as a result of the transition.

When this report uses calculations for the expenses related to the various financing methods, the figures represent the current staff estimated calculation that roughly \$3.9 million will be needed to finance the additional six months of expenses (if we transition in '13) of the 18 month budget with the estimated total 18 month municipal budget being \$13.2 million.⁴ This 6 month budget roughly comes to 48% of the annual Town **operating** budget.⁵ In addition to variations in spending depending on the time of year, many payments that are made annually may be able to be deferred until July and as such only be paid once in the budget.

	<u>FY 2012</u>	<u>FY 2014 (18 Month)</u>
<u>Operating:</u>	\$7,900,000	\$11,700,000
<u>Capital:</u>	\$1,300,000	\$1,500,000
<u>Total:</u>	\$9,300,000	\$13,200,000

Apparent Gap = **\$3.9 million**

Offsetting this \$3,900,000 of unfunded expenses is the added revenue that is projected to be raised during the added six month period. Setting aside the possibility of added real estate taxes under one of the conversion options, we conservatively project we would raise an additional \$900,000 in the added six month period.⁶

	<u>FY 2012</u>	<u>FY 2014 (18 Month)</u>
<u>Total misc. revenue:</u>	\$2,500,000	\$3,400,000

Added Revenue = **\$.9 million**

This leaves us with a true gap to be funded of \$3,000,000.

\$3,900,000 Unfunded Expense - \$900,000 Added Revenue = **\$3,000,000** True Gap

⁴ When necessary, department heads were asked questions regarding when events occur and payments are made, however most of this could be determined based on when checks are actually sent out.

⁵ This percentage is consistent with the figure calculated by New London when they transitioned.

⁶ Again, this figure is based upon taking into account when on the calendar these revenues tend to come in.

There are several ways laid out in state statute to raise the \$3 million needed to finance the transition. The options are: changing to quarterly billing, using a capital reserve fund, collecting surplus in the unrestricted fund balance, issuing a bond, and absorbing the six months directly into the tax rate.

VIII. Transition Options

1. Quarterly Billing

One method for transitioning to the optional fiscal year is changing to quarterly billing of property taxes, as opposed to the current semi-annual billing. With quarterly billing, property taxes would be due in April, July, October, and January. This process was originally utilized by Concord as special legislation and has since been made available to all municipalities in RSA 76:15-aa.

The most significant benefit of changing to quarterly billing is that it allows the Town to avoid raising additional money to finance the transition. The added revenue collected in the first billing, and the resulting improved cash flow, allows the municipality to transition to collecting taxes prior to spending. As such, this method has no direct tax rate impact.

The biggest challenge associated with quarterly billing is that it creates an increase in the workload of the Tax Collector's Office. The Town can opt to continue only sending out tax bills twice per year by sending two bills (or "coupons) in each mailing, however this can lead to confusion for taxpayers who may think that they have to pay both bills at once or may forget about the second. Also, regardless of the number of mailings, under quarterly billing the Tax Office receives double the payments to process. In addition, one of these billings will coincide with when the Tax Collector currently processes liens, potentially burdening that Office's staff and impacting service delivery. The Tax Collector has indicated that this combination would require either additional staff or to lower the number of hours that the Tax Office is open to the public so the staff can process paperwork uninterrupted. There is concern that some may view this as an unnecessary permanent change to solve the one time obstacle of the transition to the optional fiscal year. Finally, the SelectBoard and the Advisory Budget Committee were strongly split in their opinions as to whether or not the added benefit of improved cash flow and earnings on investments from quarterly billing would be a long term benefit to the Town sufficient to offset the negatives.

2. Capital Reserve Fund: Saving Ahead Method 1

Towns have the option to create a capital reserve fund to restrict and save money in anticipation of funding the transition. Similar to a bond, this option spreads out the cost of the transition over as many years as the Town chooses. Unlike a bond, money in a capital reserve fund earns interest (although not a significant amount at current rates), as opposed to paying interest on a bond. In addition, all of this saving occurs before the benefits of the optional fiscal year can be realized. Assuming the Town spreads the cost over five years of even funding, the total projected cost is \$355 for a \$300,000 home. The projected average annual tax rate impact for

each of the five years is \$0.24 / 1,000 with a total projected municipal tax rate for each year of \$3.01.⁷ See Appendix D for complete cost estimate comparisons of all of the primary options.

The primary drawback of this method is that because the budget tends to increase over time and depending on how much is saved each year, it can take many years to save the amount needed. Unlike any other method, the contributions must also be passed by Town Meeting annually, running the risk that the Town will lose its will in the middle of the process and scrap the plan.

3. Fund Balance/Surplus: Saving Ahead Method 2

Using this method, the Town steadily builds up surplus in the unrestricted fund balance over the course of a few years prior to the transition. The benefit to this method is that the cost is spread out over the course of a few years, rather than all being realized in one year. On the one hand, unlike using a capital reserve fund this method is only voted on once, lessening the chance that the community will change its collective mind in the middle of the process and abandon the funding. On the other hand, since the money is being collected in the unrestricted fund balance the Board of Selectmen could decide to use it to pay down the tax rate. Despite the practical difference, the cost impact of using the fund balance is fundamentally the same as using a capital reserve fund; “saving ahead” is “saving ahead” in terms of cost.

For cost comparison purposes, this report assumes that the fund balance will be built up for three years, paying for roughly 1/3rd of the 6 month budget (or \$1 million) each year. Assuming that all of the fund balance used for this purpose would have to be raised from scratch, the total projected cost is approximately \$341 for a \$300,000 home. The average annual tax rate impact over the 3 years for the town would be \$0.38 with an average projected municipal tax rate of \$3.15.

The major disadvantage of this method is that since the tax rate may need to increase and remain higher for several years (how much higher depends on how much needs to be raised above the normal contribution to fund balance), voters may be more skeptical to believe that the tax rate will return to its previous level. In addition, taxpayers who are ill-informed or misinformed regarding the effort may also believe that the rising tax rate is due to “out of control spending” rather than a well thought-out plan. Finally, because the goal is to build the fund balance, the Town’s ability to use surplus to offset the tax rate in the years leading up to the transition will be limited. That said, the community has already gone two year without applying fund balance to reduce the tax rate in both an effort to improve cash reserves and prepare for a potential fiscal year conversion.

As of the date of this report, there is \$2.9 million in fund balance. We anticipate adding \$700,000 when the books close on FY 2011 and in FY 2012, building to a projected 1/1/2013 balance of \$4.3 million. After analyzing the Town’s cash needs, the staff has calculated that the

⁷ All tax rate calculations are based on 2011 valuations according to the New Hampshire Department of Revenue Administration. Future tax rates are calculated assuming that spending increases and higher property values will cancel each other out.

drop-dead point at which we should not go below is \$1 million, making \$3.3 million available for the transition.

Current Fund Balance	\$2,900,000
1/1/2013 Balance (projected)	\$4,300,000
Drop-dead point	\$1,000,000
Amount "available" for application	\$3,300,000

4. Bonding

RSA 31:94-d allows municipalities to finance the extra 6 months by issuing a bond to be paid off in no more than 20 years. The advantage to this method is that it spreads out the cost to taxpayers for up to 20 years, eliminating the large jumps in the tax rate associated with some other methods. Also, unlike either of the “saving ahead” methods, the transition can be made without delay; a bond also allows the cost to be borne after the benefits of transitioning can be realized. The total projected cost for a 5 year bond⁸ is \$388 for a \$300,000 home based on the projected annual tax rate impact for each year is \$0.25 and a total municipal tax rate of \$3.02.

The disadvantage of this method is that in the long run compared to other methods year-on-year it is the most expensive due to the cost of interest. In addition, bonding makes the entire transition to the optional fiscal year contingent on a vote that must pass with a 2/3rds supermajority. Also, similar to trying to move the Meeting date, this option adds the second issue of bonding in general to the debate and may lead some to lose sight of the benefits of the change.

5. Tax Rate

Under this method, the Town increases the municipal portion of the tax rate in one year to cover the 18 month budget in two billings. The biggest benefit to this option is that the transition is done cleanly all at once. In addition, it costs taxpayers the least on the whole, with a total projected cost of \$328 for a \$300,000 home; the one-year municipal tax rate increase would be \$1.09 with a projected total municipal tax rate of \$3.86.

The principal disadvantage is that this method creates the largest one-time increase in the municipal portion of the tax rate. It would take significant effort to educate citizens that this is a “one-time” adjustment to avoid confusion regarding the Town’s spending. Taxpayers will also need to communicate with their mortgage holders so escrow is high enough in the transition year but does not remain at that high level. In addition, due to the tax rate setting schedule of the Department of Revenue Administration and the subsequent tax collections, this method will cause tax bills to spike in December approximately 25% higher than they were in June. The following June, they will drop down approximately 12% and then down another 30% in December. Finally, in the June of the first full calendar year after the transition tax bills increase 15% to level off roughly where they were before the transition (assuming similar spending).

⁸ Bond costs were calculated assuming raising \$3 million at an interest rate of 4%.

Section 4: Recommendations & Conclusion

IX. Recommendation

After thorough study of the costs and benefits, this report recommends adoption of RSA 31:94-a, the optional fiscal year running July 1 – June 30, and RSA 39:1-a, the May Town Meeting. The benefits, both short and long-term, far outweigh the cost of the transition. Approving the budget before expending funds, collecting tax revenue before it is spent, and moving the date of the Town Meeting to May are all benefits that outweigh the cost of transitioning away from collecting taxes in arrears of spending.

In terms of the method of transition, each method has different positives and negatives.

Quarterly billing:

- + has no direct impact on the tax rate
- + allows an immediate transition
- increased work for the Tax Office
- requires software conversions
- may cause confusion to taxpayers

Bonding:

- + allows an immediate transition
- + spreads out the cost
- costs taxpayers the most in the long run
- requires a 2/3rds supermajority to pass
- adds to the debate the issue of bonding

Capital reserve fund:

- + spreads out the cost
- + has a lower net cost than bonding
- can take a long time to save up, delaying the transition
- amount needed for a budget “down the line” is a moving target
- must be voted on by the town meeting annually

Tax rate in the transition year:

- + allows for an immediate transition
- + costs the least to taxpayers on the whole (other than quarterly billing)
- transition cost is realized over only two bills (in one year)
- creates significant spikes (both up and down) in the tax rate
- confusing to taxpayers and banks, triggering numerous escrow resets

Fund balance / cash:

- + allows for an immediate transition (with our current fund balance)
- + low cost to taxpayers
- surplus can fail to materialize or be difficult to build back up
- intervening SelectBoards can spend down the surplus in the interim

This report recommends a middle road that realizes the benefits of bonding without the negatives. We propose to absorb the same tax rate impact of a five-year bond in the transition year and use the fund balance to cover the remainder of the budget. As \$0.25 on the tax rate will raise approximately \$685,000 in the transition year, roughly \$2.4 million of the fund balance will need to be expended for this purpose. See Appendix E for the projected cost for a \$300,000 home if \$0.25 were absorbed into the tax rate in 2013 and see Appendix F for the projected billing cycle using this method.

Based on the Town’s current budget, the Town’s fiscal viability is seriously threatened if the fund balance drops below \$1 million at any time. Thus, any use of the fund balance to finance the transition must seek to keep the fund balance above that level, and ideally will not come too close to it. The impact of spending the fund balance down to the minimal drop dead level will limit the Town’s flexibility to manage short term spikes in the rate over the next few years while it builds the fund balance back up. For reference, over the past five years the Town has applied an average of \$525,000 per year to reduce the tax rate (although it has only applied \$182,000 and \$30,000 in 2010 and 2011 respectively) and contributed \$700,000 to the fund balance. Large contributions such as what have been made in the past may not be realistically possible for the year prior to and directly following the transition, though enough should be available to round off the tax rate (+ or - \$50,000). The potential for slight tax rate increases in the years following the transition due to not paying down the tax rate are viewed by this report as less troublesome than the disruptions associated with absorbing all of the additional operating expenses into the tax rate. Below is chart illustrating the history of the fund balance and contributions to it since 2006.

Year	1/1 Balance	November Application to Tax Rate	Balance after November Tax Rate setting	"Contribution" to fund balance
2011	\$2,965,435	\$30,000	\$2,935,435	~ \$700,000
2010	\$2,076,244	\$182,000	\$1,894,244	\$1,071,191
2009	\$2,740,367	\$1,000,000	\$1,740,367	\$335,877
2008	\$2,566,443	\$666,000	\$1,900,443	\$839,924
2007	\$2,564,779	\$685,000	\$1,842,777	\$723,666
2006	\$2,523,314	\$600,000	\$1,923,314	\$641,465

At the time of the 2011 tax rate setting in November, the Town’s unrestricted fund balance was just over \$2.9 million. Considering the \$1 million drop-dead level, the Town had “available” \$1.9 million. As we are still paying 2011 bills and thus have not yet closed the books we cannot say for sure how much more will be contributed to the fund balance, however a conservative estimate based on data currently available is that upwards of \$700,000 will be contributed (consistent with recent years), bringing it to around \$3.6 million when the books close on FY 2011. Assuming even a very low contribution in 2012, there should be more than ample surplus built up to finance the remained of the 6 month transition. While this will bring us below our

normally desired fund balance, we project there may be as much as \$1.9 million left, or nearly double our “drop dead” point of \$1 million.⁹

The School District can provide us with only limited flexibility and the final amount of cash to be applied in setting the FY 2013 tax rate will not be known until late in the process. Based on these factors, and in case surplus does not materialize or a drastic event changes spending projections (such as a spike in fuel costs), two precautions must be taken: first, a TAN must be authorized by the Town Meeting in the transition year; second, there must be increased fiscal controls and tighter spending during the 18 month budget. A TAN is a critical safety valve because not only is the Town trying to predict the budget and revenues nearly two years in the future, but the tax rate setting process also may create a situation with large peaks and valleys in tax bills which could lead to a shortfall. By taking these steps, we should be able to comfortably transition to the optional fiscal year with a May Town Meeting using \$0.25 on the tax rate in 2013 and the fund balance.

Finally, while it was rejected as an option to finance this proposed transition to the new fiscal year, there comes the matter of a possible transition to quarterly billing, the two bodies were split on whether or not to continue to explore how we might resolve the software and workflow barriers to its adoption. The majority of the SelectBoard was opposed to any further effort being expanded on this while the majority of the Advisory Budget Committee supported such further effort.

X. Conclusion & Wrap up

The method for adopting the optional fiscal year would be by a vote at Town Meeting the year prior to the transition. Although several communities adopted RSA 31:94-a and passed the first 18 month budget at the same Town Meeting, this report reads the statute literally and believes that adoption should be brought forth for approval in 2012, with the 18 month budget and approval for a TAN coming to the 2013 Town Meeting, and the first May Town Meeting in 2014. In addition to assuring its legality, an added benefit to this process is that although the budget will still have to be approved in 2013 as usual, the Town will be committed to transitioning to the optional fiscal year and having an 18 month budget.

The proposed article for the 2012 Town Warrant is found in Appendix G. This article includes both adopting the optional fiscal year and adopting the May Town Meeting because this report views these issues as inherently linked. In addition, the “sense of the 2010 Meeting” was to change both so this article is consistent with that linked view. Having only one article also avoids confusion that the May Town Meeting can be approved if the optional fiscal year fails.

Finally, should the Town Meeting approve these actions, it is recommended that the SelectBoard submit a request to the School Board to consider putting forth a warrant article at their 2013 Meeting to move their election to coincide with the Town election in May.

⁹ It is important to note that between 2010 and 2006, in no year was less than \$1.2 million available to be contributed to the fund balance based on the sum of what ended up being contributed to the fund balance and what was used to pay down taxes.

Appendix A: Relevant State Statutes

TITLE III TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

CHAPTER 31

POWERS AND DUTIES OF TOWNS

Miscellaneous

Section 31:94-a

31:94-a Optional Fiscal Year. – Cities and towns and counties, may adopt a single 18 month accounting period running from January 1 of the calendar year following adoption and ending June 30 of the next following year. Thereafter, accounting periods for such towns, cities, and counties shall run from July 1 to June 30 of the following year.

Source. 1969, 497:1. 1971, 454:1, eff. Aug. 29, 1971.

Section 31:94-b

31:94-b Adoption. – The provisions of RSA 31:94-a shall not take effect in any town, city or county unless adopted in the following manner:

I. In towns operating under the municipal budget law, by unanimous vote of the selectmen together with the approval of a 2/3 majority of the members of the budget committee, or by an article in the town warrant adopted by a majority of the legal voters of the town present and voting on such adoption;

II. In towns not operating under the municipal budget law, by an article in the town warrant, adopted by a majority of the legal voters of the town present and voting on such adoption;

III. In cities, by 2/3 vote of the city council;

IV. In counties, by majority vote of the members of the county convention present and voting.

Source. 1969, 497:1. 1973, 474:1. 1986, 208:4, eff. Aug. 5, 1986.

Section 31:94-c

31:94-c Authorization to Use Accounting Period. – Any town, city or county which adopts the provisions of RSA 31:94-a may budget their receipts and expenditures, raise and appropriate revenues, and assess taxes on the basis of a single 18 month accounting period running from January 1 of the calendar year following adoption and ending June 30 of the next following year. Thereafter, they shall operate their fiscal affairs on the basis of a 12 month accounting period running from July 1 to June 30 of the next following year.

Source. 1969, 497:1, eff. Sept. 1, 1969.

Appendix A: Relevant State Statutes

Section 31:94-cc

31:94-cc Proration of Property Tax Exemptions During Transition Period. – Any city or town which adopts the provisions of RSA 31:94-a and assesses taxes on the basis of the 18-month accounting period as permitted under RSA 31:94-c shall prorate any exemption or tax credit available under RSA 72:28, 29-a, 30, 31, 32, 35, 36-a, 37, 37-a, 39-b, 62, 66, and 70 to reflect that 18-month period.

Source. 1978, 7:1. 1991, 70:1, eff. April 1, 1992. 1996, 140:9, eff. Jan. 1, 1998.

Section 31:94-d

31:94-d Debt During Transition Period. – Towns, cities, and counties which have adopted the provisions of RSA 31:94-a may incur debt under the provisions of RSA 33 in an amount not to exceed 1/3 of all taxes assessed on April 1 of the year following adoption of RSA 31:94-a, excluding payments upon outstanding debts, said debt to be discharged in not more than 20 years. For the purposes of this section, taxes assessed shall include all taxes reimbursed to the town, city or county in accordance with the provisions of RSA 31-A. Debt incurred pursuant to this section shall not be included in the debt limit of the town, city or county, and the funds borrowed pursuant to this section shall be used only to defray additional costs that result from the adoption of an 18 month transitional accounting period.

Source. 1969, 497:1. 1973, 239:1, eff. Aug. 18, 1973.

Section 31:94-e

31:94-e Transition Period. – Where the provisions of RSA 31:94-a are adopted by a town, city or county, the selectmen, city treasurer or county treasurer, respectively, may borrow money in anticipation of taxes, for the transition period in the manner provided by RSA 33:7, I for cities and towns and RSA 29:8 for counties.

Source. 1973, 474:2, eff. Aug. 29, 1973.

Appendix A: Relevant State Statutes

TITLE III TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

CHAPTER 39

TIME FOR HOLDING TOWN MEETINGS AND WARNING THEREOF

Section 39:1-a

39:1-a Towns Adopting a Fiscal Year. – Notwithstanding the provisions of RSA 39:1 any town which adopts a fiscal year accounting period pursuant to RSA 31, may by majority vote, hold its annual town meeting on the second Tuesday of May for the selection of town officers and the transaction of all other town business. A meeting shall be warned by the selectmen, when in their opinion, there shall be occasion therefor.

Source. 1971, 512:12, eff. July 6, 1971.

TITLE V TAXATION CHAPTER 76 APPORTIONMENT, ASSESSMENT AND ABATEMENT OF TAXES

Assessment

Section 76:15-aa

76:15-aa Quarterly Billing of Taxes in Certain Towns and Cities. – Any city or town which has adopted an optional fiscal year may adopt a system for quarterly billing and collection of taxes as provided in RSA 76:15-b.

I. In a city or town that adopts the provisions of RSA 76:15-b, III, the first quarterly bill shall be due and payable (a) in a city or town that has adopted a charter under RSA 49-C or RSA 49-D, on April 1, or (b) in a town other than a town that has adopted a charter under RSA 49-D, on a date determined by the governing body not sooner than 30 days and not later than 45 days following the date of town meeting, during the 6-month conversion period prior to the fiscal year beginning on July 1. This bill shall be an amount based on 1/4 of the total previous year's complete city or town, school, and county levy. The entire amount collected on the first quarterly billing date, except for the county portion, shall be credited to the city or town to fund the 6-month conversion period budget as adopted by the legislative body.

(a) For the purposes of RSA 80:19, the assessment date for the tax bills due and payable on April 1 of the year of conversion to quarterly tax billing shall be that same date of April 1.

(b) Thereafter, beginning with the newly adopted fiscal year beginning July 1, tax payments shall be due as provided in paragraph II.

Appendix A: Relevant State Statutes

II. In any city or town which has adopted both an optional fiscal year and quarterly billing, taxes shall be collected in the following manner:

(a) Tax payments shall be due July 1, October 1, January 2, and March 31 of each fiscal year to fund the optional fiscal year budget which is the basis upon which the tax rate shall be established by the department of revenue administration.

(b) A quarterly billing of the taxes to be due in any tax year shall be computed by taking the previous year's assessed valuation times the previous year's tax rate, as determined by the department of revenue administration, divided by 4; provided, however, that whenever it appears to the assessors that certain individual properties have changed in valuation, they may use the current year's appraisal times the previous year's tax rate divided by 4 to compute the quarterly payment. Quarterly payments of taxes assessed under this section shall be due and payable on July 1 and October 1. For the purpose of the quarterly payments, a list of assessed property shall be committed by the board of assessors with warrants under their hands and seal directed to the collector no later than May 15. The collector shall mail all the bills for the 2 quarterly payments no later than 30 days before their due dates. The collector shall receive such payments and credit the amount paid towards the amount of the taxes eventually assessed against the property.

(c) Payments of the remainder of the taxes, minus the 2 quarterly payments due on July 1 and October 1 of that year, shall be due and payable in 2 equal billings on January 2 and March 31. For the purpose of these final remaining quarterly payments, the assessor shall commit warrants to the collector. The collector shall mail all the bills for the 2 remaining tax payments no later than 30 days before their due dates. For purposes of RSA 76:16, RSA 76:16-a, and RSA 76:17, the "notice of tax" shall mean the date the board of tax and land appeals determines to be the last date of mailing of the January 2 quarterly tax bill, which bill is based on the current year's tax rate and assessments.

(d) For the purpose of establishing the real estate tax lien under the provisions of RSA 80:59, for the tax bills due and payable each year after the adoption of quarterly tax billing, the real estate of every person or corporation may be subject to the tax lien procedure by the collector, in case all taxes against the owner shall not be paid in full on or before April 1 next after its assessment.

III. If, subsequent to the collector issuing quarterly bills, the assessors are made aware of a change in ownership in a parcel so billed, the assessors shall amend the tax list and notify the collector, who, upon the request of the new owner, shall cause to be mailed to the new owner a statement of account showing the balance due on the current quarterly billing.

IV. Interest at the rate of 12 percent per annum shall be charged on all taxes not paid on or before their due dates or 30 days after mailing, whichever is later.

V. (a) Notwithstanding the provisions of paragraphs II and III, any municipality with quarterly billing affected by a change in adequate education grants or excess tax amounts, determined pursuant to RSA 198:41, may apply to the commissioner of revenue administration on forms prescribed by the commissioner to adjust the 1/4 of the previous year's tax rate by an amount sufficient to collect 1/4 of the estimated increase or decrease in the July and October quarterly bills in local school tax resulting from the change.

(b) The department of education shall certify, no later than November 15, to the commissioner of the department of revenue administration the difference in the amount of the adequate education grants and excess tax amounts between the current fiscal year and the forthcoming fiscal year for every municipality.

(c) Any municipality requesting an adjusted rate for the quarterly bills shall submit such

Appendix A: Relevant State Statutes

request to the commissioner of the department of revenue administration by April 1 prior to the issuance of the July and October quarterly bills.

(d) The department of revenue administration shall expedite certified adjusted rate applications.

Source. 2004, 153:1, eff. July 23, 2004. 2010, 153:1, eff. June 14, 2010. 2011, 262:2, eff. July 13, 2011.

TITLE XV EDUCATION CHAPTER 197 SCHOOL MEETINGS AND OFFICERS School Meetings

Section 197:1

197:1 Annual. – A meeting of every school district shall be held annually between March 1 and March 25, inclusive, or in accordance with RSA 40:13 if that provision is adopted in the district, for raising and appropriating money for the support of schools for the fiscal year beginning the next July 1, for the transaction of other district business and, in those districts not electing their district officers at town meeting, for the choice of district officers.

Source. RS 70:3. CS 74:1. GS 79:3. GL 87:3. PS 90:1. 1921, 85, V:1. PL 120:1. RL 139:1. RSA 197:1. 1961, 134:1. 1981, 250:3. 1997, 318:10, eff. Aug. 22, 1997.

TITLE LXIII ELECTIONS CHAPTER 671 SCHOOL DISTRICT ELECTIONS Conduct of Election: Coordination With Town Election Section 671:22

671:22 Election at Town Meeting. –

I. As used in this section, the words, "any school district" shall mean (a) a school district which is coextensive with the town in which it is located, or (b) a cooperative school district composed of preexisting districts which were each coextensive with the towns in which they are located, or (c) a cooperative school district which is composed of a preexisting cooperative district as defined in (b) and other school districts as defined in (a).

II. Any school district as defined in paragraph I may at any annual or special meeting under an article in the warrant for such meeting vote to elect its district officers by separate ballot at the

Appendix A: Relevant State Statutes

town election in such town, and may rescind such action in like manner. Such action shall not take effect until the calendar year next following the year in which such vote is taken. The newly elected officers shall take office at the close of the town meeting at which they are elected; provided, however, that if the annual school district meeting is held subsequent to this town meeting, they shall take office at the close of the annual school district meeting and that the treasurer shall take office at the close of the fiscal year of the school district.

III. Nothing herein shall preclude other appropriate coordination of school district and town elections consistent with all the applicable requirements of law where school district and town meetings are simultaneously in session and school districts have duly voted to adopt as official for school district purposes the town checklist, polling place, and election machinery.

IV. Nothing in the provisions for election of school district officers at town meetings shall be construed as affecting any city charter, nor is a city authorized to adopt the provisions hereof.

Source. 1979, 321:1, eff. Aug. 21, 1979.

Section 671:23

671:23 Warrant. – Where a school district has voted to elect its district officers at the town election, the school board shall post a special warrant for the election of such officers, as provided in RSA 671:27.

Source. 1979, 321:1, eff. Aug. 21, 1979.

Section 671:24

671:24 Checklist. – If it has not already done so, the school district shall, simultaneously with its vote to elect its district officers at the town election, be deemed to have adopted the checklist of the town in accordance with RSA 671:15.

Source. 1979, 321:1. 1987, 276:10, eff. July 24, 1987.

Section 671:25

671:25 Duties of Clerk of School District. – The clerk of the school district shall prepare the official ballots for the school district as provided in RSA 671:20 and shall deliver the same to the town moderator before the opening of the polls at the town election. The ballots shall be of a color different from that of any other ballot being used at the town election.

Source. 1979, 321:1. 1997, 176:7, eff. Aug. 11, 1997.

Appendix A: Relevant State Statutes

Section 671:26

671:26 Counting Ballots. – The town election officials shall act in like capacity for the school district in conducting the school district election. After the close of the polls, the town election officials shall turn all school district ballots over to the moderator of the school district, who shall then proceed to count the ballots publicly with the assistance of such legal voters of the district as the moderator of the school district shall appoint. Provided, however, that, in the case of cooperative school districts, the town election officials, immediately after the close of the polls, shall count the ballots for school district officers and, within 24 hours, forward to the school district clerk a list of the number of votes received by each candidate for school district office. The list shall be signed by the town clerk and witnessed by the town moderator. Upon receipt of the list, the cooperative school district clerk shall record the results from each town and shall, when the results from all towns within the district have been recorded, determine and announce the names of the winning candidates.

Source. 1979, 321:1. 1997, 176:8, eff. Aug. 11, 1997.

Section 671:26-a

671:26-a Coordinating Certain Town and School District Elections. – To facilitate voting for future annual meetings, to reduce costs, and to best accommodate the voters of the town, the legislative body of a town, which has not adopted the official ballot referendum form of meeting, although the school district has adopted the official ballot referendum form of meeting, may authorize coordination of future town elections with the school district elections. The joint elections shall be held at a time and place determined by, and shall be supervised by, the election officials of the town, as provided in RSA 671:26. The town and the school board shall allocate the costs of the joint elections in the same manner as in previous years, or as mutually agreed upon by the governing body of the town and the school board.

Source. 1997, 330:4, eff. June 23, 1997.

Appendix B: Municipalities and Counties Running on the Optional Fiscal Year

MUNICIPALITIES:

AMHERST
BERLIN
BOW
CHESTER
CONCORD
DERRY
DOVER
FRANKLIN
GRANTHAM
HANOVER
HINSDALE
HOLDERNESS
HOOKSETT
HUDSON
KEENE
LACONIA
LEE
LONDONDERRY

LOUDON
MANCHESTER
MERRIMACK
NASHUA
NEW CASTLE
NEW LONDON
NEWMARKET
NEWPORT
NORTH HAMPTON
PETERBOROUGH
PLYMOUTH
PORTSMOUTH
ROCHESTER
SANBORNTON
SOMERSWORTH
STODDARD
WINCHESTER

COUNTIES:

GRAFTON
HILLSBOROUGH
ROCKINGHAM
SULLIVAN

Source: DRA November of 2011

Appendix C: Changing the Fiscal Year

Responses: 89

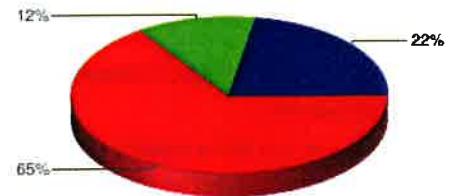
The Town of Moultonborough is considering converting from a traditional (calendar year) budget to an optional fiscal year (July 1 through June 30). There are many benefits in changing the annual budget year from a calendar year to a fiscal year. These include having our budget in place before we actually start incurring expenses and being on the same fiscal year as the school district. However, the transition can be challenging for taxpayers and town staff. One significant challenge will be identifying the funding mechanism we will use to cover the added six months in the first 18 month budget. (After that we go back to 12 month budgets). The following is a short survey to assist us in measuring the interest level of our residents to changing the Annual Budget Year to July 1 – June 30 with the resulting Town Meeting being moved from March to May.

Questions

1. If the Town changes its fiscal year, and the Annual Town Meeting was in May, How likely would you be to attend?

Answered: 89 Skipped: 0

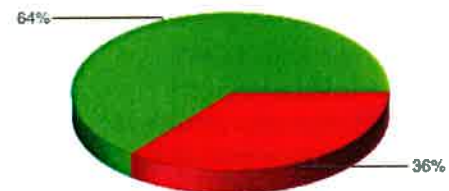
- Very Likely (58)
- Somewhat Likely (11)
- Unlikely (20)



2. If not planning on attending, please explain why:

Answered: 28 Skipped: 61

- I am not registered to vote in Moultonborough (10)
- Other (18)



3. If you selected "Other", please explain why.

Answered: 19 Skipped: 70

Have too much to do in Spring (May) for summer is so short here.

March is an easier month...my work is busier in may.

May is a busy month with the holiday and the weather is more of a priority.

I would not be willing to give up a saturday in may when the weather is nice.March is better.

It won't matter, as the meeting will be stuffed with those that want the election to go one way or the other

I work on saturdays.

Answered Somewhat likley but would still like to comment. I work on Saturdays. The only way I can attend it to take personal day or vacation day. I guess that is the sacrifice I have to make to vote but would be nice if there were other options to be able to vote for issues that directly affect me and my family.

I don't attend them at all

I get enough info from the website.

I want to enjoy spring and not be inside at a meeting. March is a better time to be indoors.

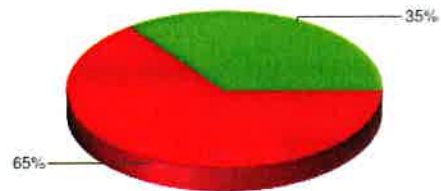
weather is too nice in May

The weather is too nice to spend a Saturday at town meeting. Spring and summer are short enough.
The weather is too nice to spend a Sat in a town meeting.
I do not want to give up nice weather time to attend a town meeting.
none
We would prefer it to be held in July, the Town Meeting.
I am very busy in May compared to March. My business is seasonal.
Too busy in may
While I am a resident and registered voter of Moultonborough, I am a police officer that works out of town and have very infrequently had the occasion to attend Town Meeting as I am usually working, (as I am this year).

4. Regardless of how likely you are to attend a May Town Meeting, do you think this idea is a good one?

Answered: 88 Skipped: 1

- Yes (57)
- No (31)



5. Please add any questions, comments or concerns you may have.

Answered: 36 Skipped: 53

Not necessary, we are still a small town.
Funding to cover the gap between the current year and the proposed FY is likely to be a problem as either a larger budget will have to be proposed, or a TAN note will be needed to supplement this change.
Less people will attend the meeting for various reasons.
Will the change to a fiscal year change when taxes are due?
I think it's important to change to a fiscal year beginning July 1. It makes more sense!
Cannot attend town meeting in March because we are away for the winter. Moved to Moultonborough last April and have not yet registered to vote.
Yes, lets go for it!!
EVERYBODY Who pays property taxes in Moultonborough DESERVES the chance to say how their money will be spent. This move would be a good start. The next and proper move would be to adopt SB2. Put EVERY taxpayers interest first and not just the special interest groups. SB2 SB2 SB2 SB2
Why can't the budgetting process be moved so its in place before the year begins?
Would give more residents who travel to a warmer climate a chance to be heard.
Attendance will increase. Many people go south for the winter.
Perhaps this would allow the other property owners to actually be able to participate in a vote, so they could designate their wishes as to how their money is spent.
If making this move is going to make us more efficient and make the process better. That is good with me.
there would be no weather problems, and the snowbirds would have returned, the more votes that attend, the better the town will function
While I am here year round, many of my voting neighbors are retired and spend March and much of April in warmer and less muddy climates. Moving the town meeting would allow them to be represented, a good alternative to SB2.
The town is running quite well, presently. The change would cause a strain because the budget would have to be re-constructed to accomodate the lag period. The town officials would be challenged in dealing with new time constraints. There is also a question in my mind as to how this would effect the town meeting and election dates.
the Mboro elite may find they have a different set of dynamics at town meeting when the snowbird retirees are back home.
Will this cause my tax bill to "spike" in the year we convert?

The Board of Selectmen and School Board should make it as easy as possible for town residents to vote on ALL matters.

Keep the town meeting in March.

As a registered voter who spends the winter in FL, I have been disenfranchised by the current schedule. Changing the May town meeting to May will allow me and others like me to exercise our full rights as taxpayers and residents.

I think a May Town Meeting makes it much easier to plan the budget and also makes it much easier for many folks to attend should they choose to.

The town need not create a tax bubble if they used the bonding ability to spread the extra 6 months of needed tax revenue over a 3-5 year period. This could make many more in favor of the change. MB

Although I live in Moultonborough year round I am always in Florida in March- thus I always miss the town meeting. May will not only be better for me, but for many other other residents who are snowbirds.

I like the town meeting schedule as it is currently managed. This includes the date of the meeting.

There is not one good reason to change the current system. We have too many out of state people running the town. Just because they do it in Mass. dosen't mean we need it here.

I think you will get better turn out since it is in the spring versus the winter. Would be better for the elderly and "snow birds"

I think that to change Town Meeting to May is a great idea. It should allow more voter participation as the "snow birds" return. It is a proactive change that should add greatly to our defense against SB2 proponent claims. Make it happen earlier that later. Jerry Hopkins

As we have already mentioned in the above box, July would be better for a Town Meeting, perhaps the young voters would not pad the voting!!! They are to inexperienced in life and leave the town for college etc and we are left paying the higher taxes that they voted for.

A May Town Meeting would allow the "snowbirds" to attend.

I preferred having the Town meeting, the night of Town Election Day. I don't even like the Saturday meeting.

If itain't broke don't fix it. Nothing wrong with it now.

A May town meeting would hopefully increase attendance due to more residents being in town at that time of year.

My wife and I have a small place in FL where we spend the last 2 months of the winter. We can not now attend the annual meeting in March which gives us no vote on the budget.

WOULD OUR TAX PAYING DAY CHANGE?

It will increase attendance. Unable to attend in March

6. Residence Status

Answered: 87 Skipped: 2

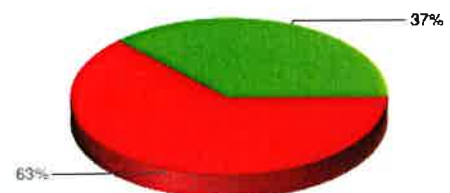
- Registered to Vote in Moultonborough (79)
- Non- resident taxpayer (8)



7. Did you attend the 2009 Annual Town meeting in March 2009?

Answered: 89 Skipped: 0

- Yes (56)
- No (33)



Appendix D: "Cost" Comparisons for Transition Options

Costs of "saving ahead"

Year	Total	\$ per year	Tax rate increase per year**	Total estimated Town Tax rate	# of years to pay off transition	Annual cost to a \$300,000 home	Total cost to a \$300,000 home
6 Month Budget to be raised by taxes in 2013 \$	\$3,000,000	\$3,000,000	\$1.09	\$3.86	1	\$328	\$328
" 2014*	\$3,060,000	\$1,530,000	\$0.56	\$3.33	2	\$167	\$334
" 2015*	\$3,121,200	\$1,040,400	\$0.38	\$3.15	3	\$114	\$341
" 2016*	\$3,183,624	\$795,906	\$0.29	\$3.06	4	\$87	\$348
" 2017*	\$3,247,296	\$649,459	\$0.24	\$3.01	5	\$71	\$355
" 2018*	\$3,312,242	\$552,040	\$0.20	\$2.97	6	\$60	\$362
" 2019*	\$3,378,487	\$482,641	\$0.18	\$2.95	7	\$53	\$369
" 2020*	\$3,446,057	\$430,757	\$0.16	\$2.93	8	\$47	\$377
" 2021*	\$3,514,978	\$390,553	\$0.14	\$2.91	9	\$43	\$384
" 2022*	\$3,585,278	\$358,528	\$0.13	\$2.90	10	\$39	\$392

* Assumes 2% Annual Inflation

** All tax rates and costs per house are based on 2011 assessed valuation and assume no other budgetary changes

Costs of Bonding

Year	Bond length	Amount Bonded	Accrued Interest ^	Total Cost	Cost / year	Tax rate increase / year**	Annual Cost to a \$300,000 house	Total cost to a \$300,000 home
2013	5	\$3,000,000	\$480,000	\$3,480,000	\$696,000	\$0.25	\$76	\$380
2013	10	\$3,000,000	\$1,080,000	\$4,080,000	\$408,000	\$0.15	\$45	\$446

^ Based on 4% interest

2011 Town Tax Rate \$2.77

2011 Total Tax Rate \$8.33

Appendix E: Transition Billing Calculator

Enter your home value here:	\$300,000.00
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Bill date	Projected normal bill (no transition)	Bill for home with entered assessed value under proposed	Total increase with proposed transition
6/1/2011	\$1,236.00	\$1,236.00	\$0.00
12/1/2011	\$1,242.00	\$1,242.00	\$0.00
6/1/2012	\$1,239.00	\$1,239.00	\$0.00
12/1/2012	\$1,254.00	\$1,254.00	\$0.00
6/1/2013	\$1,245.00	\$1,245.00	\$0.00
12/1/2013	\$1,263.00	\$1,317.00	\$54.00
6/1/2014	\$1,254.00	\$1,281.00	\$27.00
12/1/2014	\$1,272.00	\$1,242.00	-\$30.00
6/1/2015	\$1,263.00	\$1,263.00	\$0.00
12/1/2015	\$1,278.00	\$1,278.00	\$0.00
 Total Projected tax bills 2011-2015	 \$12,546.00	 \$12,597.00	 \$51.00

Appendix G: Proposed Optional Fiscal Year Warrant Article

Article ?: To see if the Town will vote to accept the report of the Board of Selectmen and Advisory Budget Committee regarding the Optional Fiscal year running July 1 to June 30 and:

- 1) Adopt an optional fiscal year budget through the provisions of RSA 31:94-a, July through June commencing with the July 1, 2013 – June 30, 2014 budget year; and
- 2) Adopt a May Town Meeting through the provisions of RSA 39:1 for the selection of town officers and the transaction of all other town business, commencing with the 2014 Town Meeting (Majority vote required).

