

## HANOVER FINANCE COMMITTEE

### Position Statement on the Proposed Town of Hanover Bond and FY2022 Budget

The Hanover Finance Committee (HFC) is an appointed Town committee of Hanover residents<sup>1</sup> charged with reviewing financial matters of the Town and offering guidance on those matters to the Hanover Selectboard, the Hanover School Board, Town officials and residents. As part of its deliberations on the proposed Town budget, members of HFC reviewed projected revenue and expenditure data, attended public budget meetings of the Town, and discussed the details of the budget with Hanover Selectboard members and Town administrators.

**During a public meeting on March 8, 2021, the Hanover Finance Committee voted unanimously to support the proposed bond for the maintenance of bridges in an amount up to \$950,000, and the proposed Town budget in the amount of \$30,652,350, representing a 2.96% (or 17 cents) increase in the combined Town General Fund and “blended” Fire Fund tax rates which currently stand at \$5.92 per \$1,000 of taxable assessed property value prior to this increase. After subtracting all revenues, the amount to be levied to taxpayers is \$14,070,391.**

The Finance Committee supports bonding for the maintenance of bridges, a departure from the current practice of saving money in each of the 10 years prior to the work being done. Ironically, the historically low interest rates have created both a favorable borrowing environment as well as the impetus *to* borrow as the loss of short-term interest income has increased pressures on the Town’s tax rate. By bonding, the Town will lessen the annual impact of bridge maintenance on the tax rate by spreading payments out over 20 years--an appropriate approach for necessary infrastructure investments with an expected life span of 75 years.

In addition to bonding, the Town also introduced other budgetary measures this year to minimize the tax impact of lost revenues and increased costs. The loss in multiple revenue streams alone totaled more than \$450,000—an amount equal to 19 cents on the tax rate. Cost drivers included a nearly \$200,000 increase in required contributions to the NH Retirement System (9 cents on the tax rate), a \$184,000 or 2% increase in personnel costs for “steps” (8 cents) and the addition of approximately \$90,000 (4 cents) in staffing costs previously paid for by the Bressett Fund—but now to be borne by tax payers as hoped-for alternative funding was not achieved. .

To mitigate these impacts, the Selectboard paused some payments into capital reserve funds and took the unprecedented step of using of \$370,000 (an amount equivalent to a 16 cent in the tax rate) in one-time monies from the Undesignated Fund Balance to support on-going operational expenses—measures that potentially defer a difficult fiscal situation into FY23 if revenues do not bounce back sufficiently and/or if federal relief funds do not replenish the Undesignated Fund. Taking these steps, however, allowed the Selectboard to achieve a maximum increase of 3% in the tax rate without staff layoffs or making cuts to services and programs such as paving or recycling.

While these measures could involve negative tradeoffs in future years, the Finance Committee notes that one of the greatest challenges this year has been the economic and financial “unknowns” due to the continued impacts of Covid-19 as well the federal government’s reaction to them. We commend the Selectboard and Town administration for their hard work on the budget—all the while continuing extraordinary efforts to keep our Town thriving and yet safe during a pandemic—and for bringing forward a set of warrant articles that balances the needs of our Town for services with those of the taxpayer.

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<sup>1</sup> Members this year have been Kari Asmus, Carey Callaghan, Mac Gardner, Mary Hakken-Phillips, Jeffrey N. Ives, William V. Geraghty (Hanover Selectboard member), and Kimberly Hartmann (Hanover School Board member).