



AGENDA ITEM #: 17-89
COUNCIL MTG OF: July 18, 2017
FROM: David Caron, Town Administrator
OFFERED BY: Administration
PREPARED BY: Administration
SUBJECT: Supplemental Appropriation

STAFF REPORT
Public Hearing 8-15-17

PURPOSE

To seek Town Council approval of a Supplemental Appropriation to properly account for principal payments for the Rte. 28 TIF Debt.

TOWN ADMINISTRATOR COMMENTS

The Council is encouraged to schedule a public hearing for August 15 and after the hearing, approve Resolution #2017-51.

BACKGROUND

The Town Council previously created the Rte. 28 Tax Increment Financing District for the Rte. 28 area, which served as a catalyst for the economic revival for that area of town. RSA 162-K:8 allows for interest only payments on the debt for a period of up to five years, which allows time for additional development to occur which can then support the debt service incurred enhancing public facilities in the area.

DISCUSSION

Principal payments on the Rte. 28 debt began in FY 17; however, only interest payments were budgeted, resulting in the appearance of a deficit in that line item. As the auditor considers the TIF appropriation to be a part of the Town's General Fund, any deficit would be covered by the General Fund Unassigned Fund Balance, instead of the Rte. 28 TIF Fund, in which there are sufficient funds to pay for the debt service.

The Rte. 28 TIF retains \$21.9M in captured assessed valuation, generating approximately \$545K in property taxes annually, which is sufficient to fund the annual debt service of \$302,387. The fund balance of the Rte. 28 TIF is \$917,814.00, from which the Supplemental Appropriation of \$215,000 will be drawn.

FISCAL IMPACT

Without action of the Town Council, General Fund expenses will be overstated by \$215,000 resulting in less funds accruing to the General Fund Unallocated Fund Balance. As set forth above, funds are available in the Rte. 28 TIF Fund to make this payment.

RECOMMENDED ACTION BY COUNCIL

The Council is requested to schedule a public hearing for August 15 and thereafter affirmatively act upon Resolution #2017-051.

RECOMMENDED MOTION

Please see Resolution #2017-051.