



# City of Franklin, New Hampshire

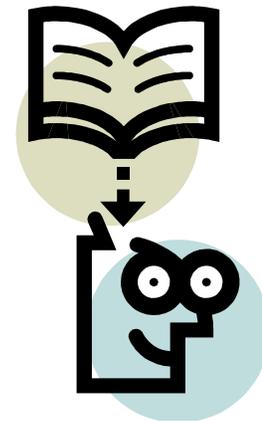
## **Budget 101**

Presented By Judie Milner,  
City Manager; Pessy Gaudette,  
Municipal Finance Director;  
Jefferson Braman, Business  
Administrator

---

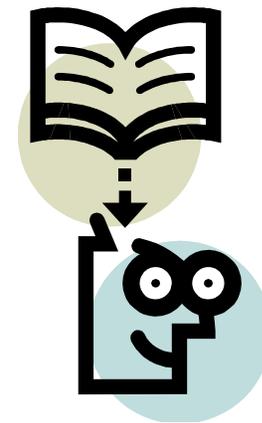
# Interesting Facts.....

- Population
  - **8741**
- Form of Government
  - **City**
- Size of City
  - **13th (out of 13)**
- Size of Community
  - **36<sup>th</sup> (in NH)**
- County
  - **Merrimack**



# More Interesting Facts.....

- # of Communities in Merrimack County
  - **28**
- Franklin Land Area
  - **27.3 sq miles**
- # of Property Tax Bills per Year
  - **7398**
- Registered Dogs
  - **1143**



# What Governs the Budget Process?

- Not GGAAP Accounting – not governed by GASB
- Municipal Budget Law – RSA 32
- Department of Revenue Administration Rules (Rev 1100 Schools; Rev 1700 Municipalities)
- Best Practices – Government Finance Officer's Association
- City Charter/Policy



# Public Vs Private Sector

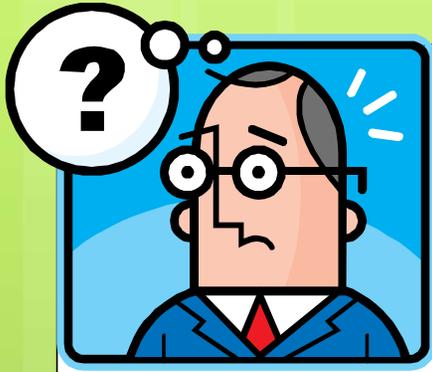
- Differences
  - Fund Accounting
    - Exchange Transaction – enterprise funds, revolving funds
    - Non Exchange Transaction – general fund
  - Measurement Focus
    - Modified accrual
    - One year outlook



# Fluid Budget Process

- After previous rules are met, the City has some “play” in the process
  - Make the process better for interested parties and the public
    - Manager’s Proposal
    - Committee vs council meetings
    - Statistical sections
    - Detailed descriptions – cross referencing exp & revenue lines
    - Upcoming change – adding vehicle listing by department
  - Feedback always welcome





When does  
the budget  
process start?

# When does the budget process start?

- It never stops!
  - Long term planning
  - Trend analysis
  - Projections
  - Cost savings ideas
  - Grant opportunities
  - Troubleshooting/Strategic Planning
  - Often thinking about 2 years at one time



OK. Now that we've discussed the ongoing budget related items – let's talk about the process to prepare a budget for the upcoming fiscal year.....When do you think the City begins preparing the budget for the upcoming fiscal year?



Budget Preparation for  
following fiscal year starts in.....

January of the  
current fiscal  
year

# Budget Timeline



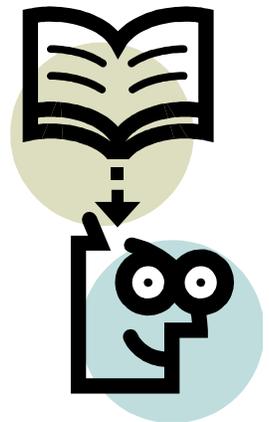
- Prior to Council Adoption
  - Jan – payroll projections
  - Feb – departmental operating budgets
  - March – Finance puts together departmental proposal
  - April – Manager gets budget under operating tax cap w/ management team assistance
  - May – Manager's proposal to Council, budget meetings commence
  - June – Clean up/Wrap up, set public hearing
  - July – adoption by July 27th

# Budget Timeline

- After Council Adoption
  - August 31 MS-232 & MS-434 due
  - September Actual County Tax Amount Received
  - October MS-61 due  
Tax Rate Setting Process
  - Ongoing - Monitor & Adjust; Transparency

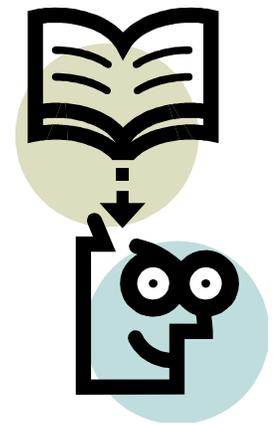
# More Interesting Facts.....

- Registered Motor Vehicles
  - **12,548**
- # of Regularly Scheduled Municipal EE's
  - **94 (Human) 2 (Canine)**
- # of permits issued in 2022 by planning & zoning department
  - **422**
- # of calls fielded by our dispatch center
  - **60,632**



# More Interesting Facts.....

- # of towns serviced by our dispatch center
  - **6**
- Number of arrest warrants processed
  - **979**
- Day of the week with the most fire/rescue calls
  - **All!**
- Time of the day with the most fire/rescue calls
  - **1pm-5pm**



# Let's Look at FY2023 Budget

Now that we know what governs the budget, the budget timeline and some statistical info, let's look at a budget.....

*CITY OF FRANKLIN, NEW HAMPSHIRE*

*FISCAL YEAR 2023 COUNCIL ADOPTED BUDGET*



**TABLE OF CONTENTS**

---

PREFACE - VISION & MISSION STATEMENT	PAGE 1
DIRECTORY OF OFFICIALS	PAGE 2
ORGANIZATIONAL CHART	PAGE 3
ORDINANCE 01-23 & 02-23	PAGE 4
RESOLUTIONS 01-23	PAGE 8
SECTION 1 - BUDGET HIGHLIGHTS/USEFUL INFORMATION	PAGE 10
SECTION 2 - FINANCIAL POLICIES & GUIDELINES	PAGE 34
SECTION 3 - UNDERSTANDING THE BUDGET DOCUMENT/BUDGET SCHEDULE	PAGE 54
SECTION 4 - PAYROLL PROJECTIONS, POSITION LIST, PAY PLAN	PAGE 60
SECTION 5 - TAX CAP & CALCULATION	PAGE 69
SECTION 6 - STATISTICAL INFORMATION	PAGE 73

# Tax Cap Calculation

○ Taxes From Prior Year	\$100
○ CPI-U (1%)	<u>\$ 1</u>
○ Subtotal	\$101
○ Pick Ups	
○ Value \$10,000/1000	
○ Tax Rate <u>    \$2</u>	<u>\$ 20</u>
○ Tax Cap Operating	\$121
○ P&I Payments & Capital	<u>\$ 0</u>
○ Total Tax Cap	\$121

Franklin City Charter C-32 & NH RSA 49-C:33

# Tax Cap Distribution

● Statewide Property Tax	\$ 8
● Local School	35
● Merrimack County	13
● TIF Districts	.6
● Veteran's Credit	1
● Overlay	.2
● Municipal Operations	<u>63.20</u>
● Total Taxes	121

# Tax Cap vs Tax Rate

- Tax cap is the total taxes we can collect – this is a constant
- Tax Rate Formula

$$\text{Total Taxes}/(\text{Assessed Value}/1000) = \text{Tax Rate}$$

# Tax Cap vs Tax Rate

**Total Taxes/(Assessed Value/1000) = Tax Rate**

**A.  $121 / (100,000 / 1000) = \$1.21$**

**B.  $121 / (90,000 / 1000) = \$1.35$**

**C.  $121 / (120,000 / 1000) = \$1.01$**

## TABLE OF CONTENTS, CONTINUED

---

### SECTION 7 - REVENUES

PAGE 95

GENERAL	PAGE 96
CAPITAL	PAGE 102
GRANT	PAGE 102
PARKS & RECREATION	PAGE 102
OUTSIDE POLICE DETAIL	PAGE 103
LIBRARY	PAGE 103
WATER/WATER RATE	PAGE 104
SEWER/SEWER RATE	PAGE 105

### SECTION 8 - EXPENDITURES/EXPENSES

PAGE 106

GENERAL FUND	
EXECUTIVE	PAGE 109
CITY CLERK/TAX COLLECTOR	PAGE 111
FINANCIAL ADMINISTRATION	PAGE 113
ASSESSING	PAGE 114
INFORMATION TECH. & LEGAL	PAGE 115
PLANNING & ZONING	PAGE 116
BUILDINGS	PAGE 117
INSURANCE & OTHER	PAGE 120
POLICE/DISPATCH	PAGE 121
FIRE/RESCUE/EMS	PAGE 126
MUNICIPAL SERVICES	PAGE 133
HEALTH AGENCIES	PAGE 143
MAYOR'S DRUG TASK FORCE	PAGE 143

## TABLE OF CONTENTS, CONTINUED

---

### SECTION 8 – EXPENDITURES/EXPENSES, CONTINUED

WELFARE	PAGE 144
RECREATION	PAGE 146
OUTSIDE AGENCIES	PAGE 149
ECONOMIC DEVELOPMENT	PAGE 149
DEBT SERVICE	PAGE 150
CAPITAL OUTLAY	PAGE 150
SCHOOL DISTRICT	PAGE 151
SPECIAL REVENUE FUNDS	PAGE 153
CAPITAL RESERVE FUNDS	PAGE 153
OVERLAY/EXEMPTIONS	PAGE 154
CAPITAL PROJECTS	PAGE 156
GRANT	PAGE 157
PARKS & RECREATION	PAGE 158
OUTSIDE POLICE DETAIL	PAGE 159
LIBRARY	PAGE 159
WATER	PAGE 161
SEWER	PAGE 165

## Gross Budgeting

Revenues =  
Expenditures

# Gross Budgeting

- Revenues

○ Taxes	\$121
○ State	70
○ Dept	20
○ Other	<u>29</u>
○ Total	<u>\$240</u>

- Expenditures

○ Gen Govt	\$ 16
○ Public Safety	40
○ School	134
○ Muni Services	<u>50</u>
○ Total	<u>\$240</u>

# Gross Budgeting

- Revenues

○ Taxes	\$121
○ State	70
○ Dept	20
○ Other	29
○ Grants	<u>60</u>
○ Total	\$300

- Expenditures

○ Gen Govt	\$ 16
○ Public Safety	40
○ School	134
○ Muni Services	50
○ Grants	<u>60</u>
○ Total	\$300

# FY2023 General Fund Gross Budget as Adopted

## Revenues

- Taxes \$15,067,736
- Muni – Other \$6,329,600
- School – Other \$12,912,207
- Total \$34,309,543

## Expenditures

- Municipal \$15,228,912
- School \$19,080,631
- Total \$34,309,543

# Gross Budgeting & Tax Cap

## Revenues

	<b>FY2022</b>	<b>FY2023</b>
Taxes	100	121
State	68	70
Dept	22	20
Other	38	29
Grants	25	60
<b>Total</b>	<b>253</b>	<b>300</b>

## Expenditures

	<b>FY2022</b>	<b>FY2023</b>
Gen Govt	15	16
Public Safety	35	40
School	130	134
Muni Services	48	50
Grants	25	60
<b>Total</b>	<b>253</b>	<b>300</b>

% change

19%

# Gross Budgeting & Tax Cap

## Revenues

	<b>FY2022</b>	<b>FY2023</b>
Taxes	100	121
State	68	70
Dept	22	20
Other	25	29
Grants	20	60
<b>Total</b>	<b>235</b>	<b>300</b>

## Expenditures

	<b>FY2022</b>	<b>FY2023</b>
Gen Govt	12	16
Public Safety	33	40
School	128	134
Muni Services	42	50
Grants	20	60
<b>Total</b>	<b>235</b>	<b>300</b>

**% change**

**28%**

# Gross Budgeting & Tax Cap

## Revenues

	<b>FY2022</b>	<b>FY2023</b>
Taxes	100	125
State	68	68
Dept	24	20
Other	26	27
Grants	30	60
<b>Total</b>	<b>248</b>	<b>300</b>

## Expenditures

	<b>FY2022</b>	<b>FY2023</b>
Gen Govt	12	16
Public Safety	33	40
School	131	134
Muni Services	42	50
Grants	30	60
<b>Total</b>	<b>248</b>	<b>300</b>

% change

21%

# Gross Budgeting & Tax Cap

## Revenues

	<b>FY2022</b>	<b>FY2023</b>
Taxes	100	125
State	68	68
Dept	24	20
Other	26	27
Grants	30	40
<b>Total</b>	<b>248</b>	<b>280</b>

## Expenditures

	<b>FY2022</b>	<b>FY2023</b>
Gen Govt	12	16
Public Safety	33	40
School	131	134
Muni Services	42	50
Grants	30	60
<b>Total</b>	<b>248</b>	<b>300</b>

% change

13%

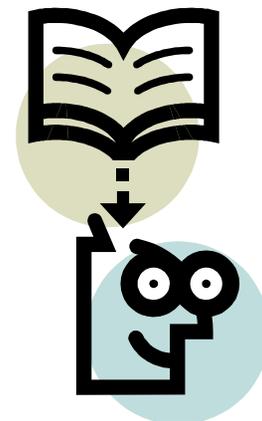
## TABLE OF CONTENTS, CONTINUED

---

APPENDIX 1 - CAPITAL IMPROVEMENTS PLAN SUMMARY	PAGE 169
APPENDIX 2 - FEE SCHEDULE	PAGE 175
APPENDIX 3 - FORMAT OF ACCOUNTS	PAGE 187
APPENDIX 4 - GLOSSARY	PAGE 197
APPENDIX 5 - ABBREVIATIONS/ACRONYMS	PAGE 202

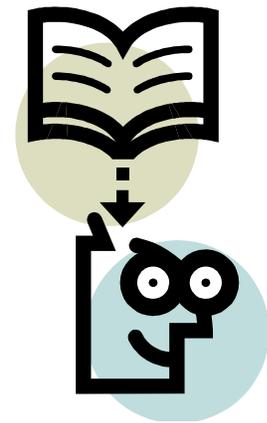
# More Interesting Facts.....

- Total fire/rescue calls in 2022
  - **2,315 (45% increase over 10 years from 2013)**
- Total lane miles of road
  - **124**
- Ton of trash collected
  - **5,553**
- # of calls fielded in Municipal Services
  - **>2,000/year (8 per day)**
- # of water tanks
  - **5**



# More Interesting Facts.....

- Miles of Sewer mains
  - **31**
- Acres of athletic fields, beaches, parks, city forest and parking lots
  - **613**
- Participants in Summer Rec Program
  - **190**
- Participants in Winter Sports
  - **206**
- Participants in After School Program
  - **121**

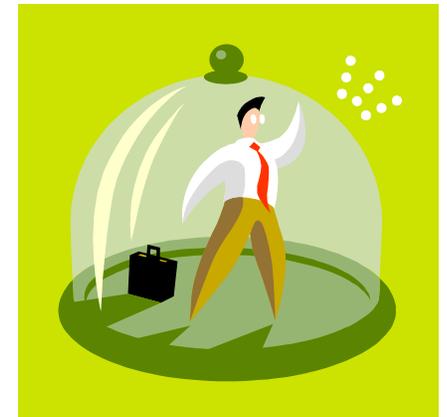


# Challenges.....

- Unfunded capital/Aging Infrastructure
- Increases to Costs outpace CPIU
- Downshifting of costs from State of NH
- Costs outside of our control
- Hiring/Retention of Personnel
- # of Personnel
- Succession Planning
- Image
- Social Media Misinformation

# Common Traps/Misunderstandings

- Relying on % change for previous year
- Taxes and/or Tax Rate
  - Must = total budget
  - Inc appropriation = Inc taxes
  - Only budget drives the tax rate
- Capital Outlay should be within the operating budget
- Lack of Involvement



# Long Term Debt

- NH RSA 33 Municipal Finance Act
- Not talking about wheeled vehicles
- Capital Projects
- Not Part of Operating Budget

# Tax Cap Calculation

○ Taxes From Prior Year	\$100
○ CPI-U (1%)	<u>\$ 1</u>
○ Subtotal	\$101
○ Pick Ups	
○ Value \$10,000/1000	
○ Tax Rate <u>    \$2</u>	<u>\$ 20</u>
○ Tax Cap Operating	\$121
○ P&I Payments & Capital	<u>\$ 0</u>
○ Total Tax Cap	\$121

Franklin City Charter C-32 & NH RSA 49-C:33

# Long Term Debt

- Authorization
- Appropriation
- Bond Anticipation Note

# Tax Increment Financing(TIF) District

- Economic Development Tool – spur investment in a particular section or location of community
- NH RSA 162 – K
- Governing body adopts
- Assessed Value at the time of adoption is base
- New value above base can be used for approved projects in the district

# TIF District

- Assessed value at adoption \$1,000,000
- Year 1 New Value – New Building 250,000
- Value at end of year 1 \$1,250,000
- Assume our tax rate is \$2/1000
- Taxes collected for district will be \$2,500  
( $\$1,250,000 / 1000$ ) \* \$2
- \$2000 in taxes will support general fund (\$1M in value)
- \$500 in taxes could support projects within the TIF district (\$250k in value)



Questions??????

[www.franklinnh.org](http://www.franklinnh.org)