



*William E. Sanders  
Finance Officer*

**CITY OF MANCHESTER**  
*Finance Department*

November 9, 2017

Board of Mayor and Aldermen  
C/o Matthew Normand  
Office of the City Clerk  
One City Hall Plaza  
Manchester, NH 03101

***RE: FY 2018 Tax Rate***

Dear Honorable Board of Mayor and Aldermen,

Attached is the final DRA approved FY 2018 Tax Rate. The final FY2018 tax rate is \$23.32 compared to \$23.14 for FY2017, an increase of .78%. A summary of the adjustments from the estimated FY2018 rate to the final FY2018 rate is as follows:

|                                | <u>Tax Revenue</u>    | <u>Tax Rate</u> |
|--------------------------------|-----------------------|-----------------|
| Estimated in 2018 BMA Budget   | \$ 210,222,256        | \$ 23.42        |
| Higher 2017 City Surplus       | (1,008,713)           | (0.11)          |
| Lower School District Revenues | 296,106               | 0.03            |
| Higher State Education Grant   | (299,987)             | (0.03)          |
| Higher County Tax              | 163,873               | 0.01            |
| Other                          | (44,444)              |                 |
| Total Adjustments              | <u>(893,165)</u>      | <u>(0.10)</u>   |
| Final                          | <u>\$ 209,329,091</u> | <u>\$ 23.32</u> |

Respectfully submitted,

William E. Sanders  
Finance Officer




**2017**  
**\$23.32**

## Tax Rate Breakdown Manchester

| Municipal Tax Rate Calculation |                      |                 |                |
|--------------------------------|----------------------|-----------------|----------------|
| Jurisdiction                   | Tax Effort           | Valuation       | Tax Rate       |
| Municipal                      | \$97,921,449         | \$9,004,365,407 | <b>\$10.88</b> |
| County                         | \$11,733,398         | \$9,004,365,407 | <b>\$1.30</b>  |
| Local Education                | \$79,421,862         | \$9,004,365,407 | <b>\$8.82</b>  |
| State Education                | \$20,252,382         | \$8,723,024,507 | <b>\$2.32</b>  |
| <b>Total</b>                   | <b>\$209,329,091</b> |                 | <b>\$23.32</b> |

| Village Tax Rate Calculation |            |           |          |
|------------------------------|------------|-----------|----------|
| Jurisdiction                 | Tax Effort | Valuation | Tax Rate |
| <b>Total</b>                 |            |           |          |

| Tax Commitment Calculation           |                      |
|--------------------------------------|----------------------|
| Total Municipal Tax Effort           | \$209,329,091        |
| War Service Credits                  | (\$1,183,605)        |
| Village District Tax Effort          |                      |
| <b>Total Property Tax Commitment</b> | <b>\$208,145,486</b> |

|  |           |
|--|-----------|
| <br>Stephan Hamilton<br>Director of Municipal and Property Division<br>New Hampshire Department of Revenue Administration | 11/8/2017 |
|--|-----------|

## Appropriations and Revenues

### Municipal Accounting Overview

| Description                               | Appropriation       | Revenue         |
|---|---------------------|-----------------|
| Total Appropriation                       | \$263,929,262       |                 |
| Net Revenues (Not Including Fund Balance) |                     | (\$165,066,697) |
| Fund Balance Voted Surplus                |                     | \$0             |
| Fund Balance to Reduce Taxes              |                     | (\$2,708,713)   |
| War Service Credits                       | \$1,183,605         |                 |
| Special Adjustment                        | \$0                 |                 |
| Actual Overlay Used                       | \$583,992           |                 |
| <b>Net Required Local Tax Effort</b>      | <b>\$97,921,449</b> |                 |

### County Apportionment

| Description                           | Appropriation       | Revenue |
|---------------------------------------|---------------------|---------|
| Net County Apportionment              | \$11,733,398        |         |
| <b>Net Required County Tax Effort</b> | <b>\$11,733,398</b> |         |

### Education

| Description                                    | Appropriation       | Revenue        |
|--|---------------------|----------------|
| Net Local School Appropriations                | \$156,425,545       |                |
| Net Cooperative School Appropriations          |                     |                |
| Net Education Grant                            |                     | (\$56,751,301) |
| Locally Retained State Education Tax           |                     | (\$20,252,382) |
| <b>Net Required Local Education Tax Effort</b> | <b>\$79,421,862</b> |                |
| State Education Tax                            | \$20,252,382        |                |
| State Education Tax Not Retained               | \$0                 |                |
| <b>Net Required State Education Tax Effort</b> | <b>\$20,252,382</b> |                |

## Valuation

### Municipal (MS-1)

| Description                                  | Current Year    | Prior Year      |
|--|-----------------|-----------------|
| Total Assessment Valuation with Utilities    | \$9,004,365,407 | \$8,946,360,522 |
| Total Assessment Valuation without Utilities | \$8,723,024,507 | \$8,652,932,922 |

### Village (MS-1V)

| Description | Current Year |
|-------------|--------------|
|-------------|--------------|

# Manchester

## Tax Commitment Verification

### 2017 Tax Commitment Verification - RSA 76:10 II

| Description                   | Amount        |
|-------------------------------|---------------|
| Total Property Tax Commitment | \$208,145,486 |
| 1/2% Amount                   | \$1,040,727   |
| Acceptable High               | \$209,186,213 |
| Acceptable Low                | \$207,104,759 |

If the amount of your total warrant varies by more than 1/2%, the MS-1 form used to calculate the tax rate might not be correct. The tax rate will need to be recalculated. Contact your assessors immediately and call us at 603.230.5090 before you issue the bills. See RSA 76:10, II

|  |  |
|--|--|
| <b>Commitment Amount</b>   |  |
| Less amount for any applicable Tax Increment Financing Districts (TIF) |  |
| <b>Net amount after TIF adjustment</b>                                 |  |

**Under penalties of perjury, I verify the amount above was the 2017 commitment amount on the property tax warrant.**

**Tax Collector/Deputy Signature:**

**Date:**

### Requirements for Semi-Annual Billing

#### Pursuant to RSA 76:15-a

76:15-a Semi-Annual Collection of Taxes in Certain Towns and Cities - I. Taxes shall be collected in the following manner in towns and cities which adopt the provisions of this section in the manner set out in RSA 76:15-b. A partial payment of the taxes assessed on April 1 in any tax year shall be computed by taking the prior year's assessed valuation times 1/2 of the previous year's tax rate; provided, however, that whenever it shall appear to the selectmen or assessors that certain individual properties have physically changed in valuation, they may use the current year's appraisal times 1/2 the previous year's tax rate to compute the partial payment.

| Manchester          | Total Tax Rate | Semi-Annual Tax Rate |
|---------------------|----------------|----------------------|
| Total 2017 Tax Rate | \$23.32        | \$11.66              |

#### Associated Villages

No associated Villages to report

## Fund Balance Retention

|  |                      |
|--|----------------------|
| <b>Enterprise Funds and Current Year Bonds</b> | <b>\$101,044,949</b> |
| <b>General Fund Operating Expenses</b>         | <b>\$274,291,955</b> |
| <b>Final Overlay</b>                           | <b>\$583,992</b>     |

DRA has provided a reference range of fund balance retention amounts below. Please utilize these ranges in the determination of the adequacy of your municipality's unrestricted fund balance, as currently defined in GASB Statement 54. Retention amounts, as part of the municipality's stabilization fund policy [1], should be assessed dependent upon your governments own long-term forecasts and special circumstances. Please note that current best practices published by GFOA recommend, at a minimum, that "...general purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." [2],[3]

[1] The National Advisory Council on State and Local Budgeting (NACSLB), (1998), *Framework for Improved State and Local Government Budgeting: Recommended Budget Practices (4.1)*, pg. 17.  
 [2] Government Finance Officers Association (GFOA), (2009), *Best Practice: Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund*.  
 [3] Government Finance Officers Association (GFOA), (2011), *Best Practice: Replenishing General Fund Balance*.

### 2017 Fund Balance Retention Guidelines: Manchester

| Description                                 | Amount             |
|---|--------------------|
| <b>Current Amount Retained (1.95%)</b>      | <b>\$5,343,690</b> |
| 17% Retained ( <i>Maximum Recommended</i> ) | \$46,629,632       |
| 10% Retained                                | \$27,429,196       |
| 8% Retained                                 | \$21,943,356       |
| 5% Retained ( <i>Minimum Recommended</i> )  | \$13,714,598       |

**NOTICE: The current fund balance retained amount is below the minimum recommended threshold.**

### 2017 RSA 198:4-b II School Fund Balance Retention Guidelines: Manchester

If a school district has adopted RSA 198:4-b II by a vote of the legislative body, the school district may retain year-end unassigned general funds in an amount not to exceed, in any fiscal year, 2.5 percent of the current fiscal year's net assessment pursuant to RSA 198:5, for the purpose of having funds on hand to use as a revenue source for emergency expenditures and overexpenditures under RSA 32:11, or to be used as a revenue source to reduce the tax rate. This retained fund balance is not cumulative. The maximum allowed fund balance retention has been calculated as:

|                     | Net Assessment | 2.5% of Net Assessment |
|---------------------|----------------|------------------------|
| <b>Local School</b> | \$99,674,244   | \$2,491,856            |