

**FINANCE COMMITTEE MEETING
JANUARY 2, 2013**

Call to Order

Councilor and Chair of the Finance Committee called the meeting to order at 6:00 P.M. in the Council Chambers, Franklin City Hall.

In Attendance

Member: Councilor/Chair Feener; Councilor Desrochers and Councilor Sharon.

Others in Attendance: Mayor Merrifield; Councilor Dzujna, Councilor Trudel, City Manager Dragon and Finance Director Milner.

Update/Current Year Budget FY13

Director Milner advised there are some obstacles with the FY13 Budget. The Merrimack County taxes came in a lot higher than anticipated, approximately 51,000 higher which in turn lowered the amount of taxes the City could collect for municipal. She commented that there is not enough information during the budget process to determine what the County tax will be so it is just an estimate. Although County taxes in total did not increase, County taxes are based on equalized valuation. Several bigger communities assessed valuation decreased significantly which re-distributed more County tax to other communities.

Director Milner stated another unknown during the budget process is what the City will receive for State revenues. The City is given final numbers for these State revenues during the tax rate setting process. This year rooms & meals revenue was reduced by \$2,273, Highway Block Grant by \$1500, Forest Land by \$28 and flood control by 26,419. She stated in total revenues are \$81,500 lower than anticipated. We will begin looking at expenditures and revenues starting this month to estimate where we will be at 6/30 and adjust spending accordingly like in past years. Good news is the Welfare assistance budget currently is 37% expended versus 80% at this time last year which is \$48,000 less expended than last year. The Snow budget currently has expended \$6,600 in overtime which is half of what was expended last year in total.

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Manager Dragon advised that the City has received \$40,000 in insurance monies from the fire at 601 South Main Street which was not anticipated in FY12. The City will receive savings from the Insurance Holiday in FY14.

FY14 Budget Concerns to Date

Director Milner advised the Merrimack County Tax will affect the budget. The new NH Retirement System increased by approximately \$145,000 for the City and approximately \$100,000 for the school. The City side is higher because the Fire and Police retirement percentages increased the most. The Holiday Contribution will be approximately \$68,000 for the City and approximately \$88,000 for the School. Statewide Education will be increasing \$23,000 which affects taxes that can be appropriated for municipal programs as well. Director Milner stated she has been informed by Mr. O'Neill that the Adequacy Grant is being reduced by \$260,000. U.S. Sprint will no longer support Nextel who has rented space on the City's tower which represents about \$16,000 in lost revenue. There have been some talks with Verizon and it is hoped if Verizon comes on the monies lost from Nextel will be made up and possibly more. Healthcare rates appear to be very favorable with a guaranteed rate maximum of a 4.3% increase in healthcare and 1.2% increase in Dental. Watts expansion will bring some additional tax dollars although half will go to the TIF Plan.

Manager Dragon handed out the FY 14 Budget Schedule. A copy of that scheduled is attached.

Other Business

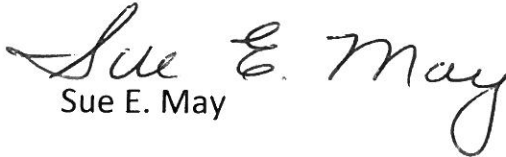
Manager Dragon informed the Committee that she has a draft of an ordinance to address changes in the administrative code for City departments and reminded the committee that she did not include changes to bring certain functions of the school finance office under the City's finance office as the committee wanted to

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discuss that further. The committee asked for a draft ordinance listing the functions that should be moved. The committee discussed those functions and the fact that they expect budget control would still lie with the school board and superintendent. It was also suggested a joint finance committee meeting be held to get input concerning the contents of the ordinance and how things should be handled. The joint finance committee is scheduled for Monday, January 28, 2013 at 6:00 p.m. It was suggested by Manager Dragon that a sub-committee be created to assist with the transition and job functions.

Motion to adjourn made by Councilor Desrochers, seconded by Councilor Sharon. All in favor, meeting adjourned at 6:45 p.m.

Respectfully submitted,


Sue E. May