

September 17, 2026



Federal and State Aid & Property Taxes

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Government Finance Specialist



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AGENDA

NH Demographics
Federal Funding
State Funding
Fund Balance
Property Taxes

NH Demographics

I've reached the age where my train of thought often leaves the station without me.



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Local Government Entities



Cities (13)



Towns (221)



Village Districts (98)



School Districts (176)

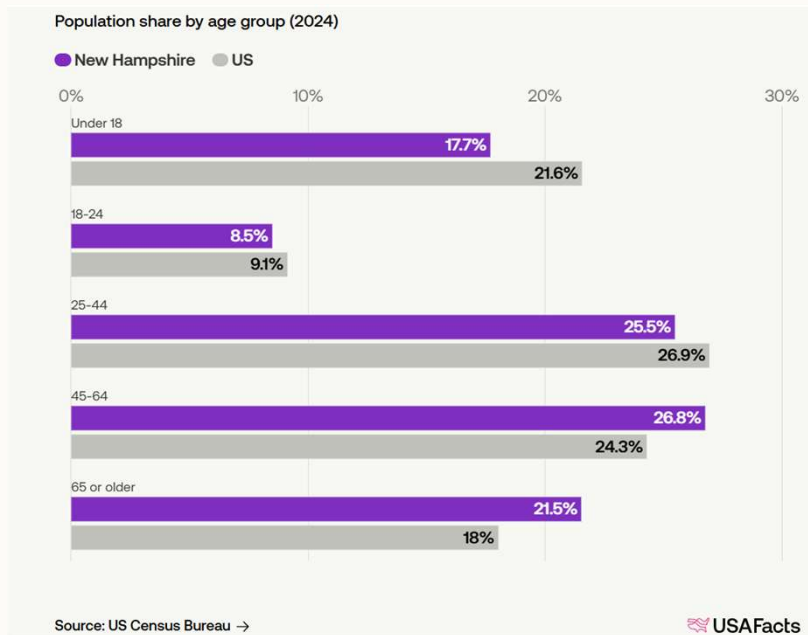


Counties (10)

- Local government entities are also known as political subdivisions
- Each entity is subject to RSAs and / or charter regulations
- Some RSAs overlap across different entity types

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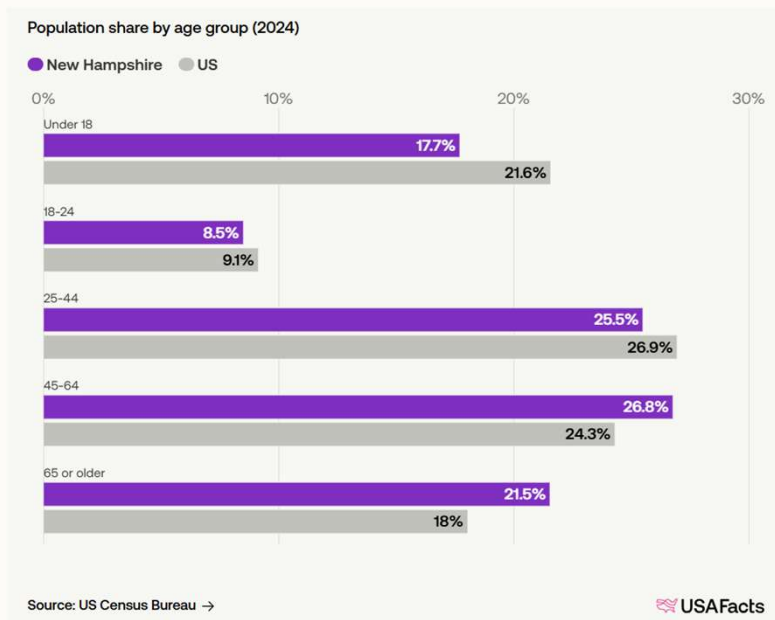
Population



- NH's population in 2025 was 1,415,342
- This accounts for 0.41% of the nation's population
- NH's 2025 population increased by 6,824, or 0.48%, over 2024
- The 2025 US population increased approximately 0.50% over 2024

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Population by Age



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'25 Population Highlights



- NH's top two populous counties are:
 - Hillsboro County
 - 434,239 people
 - 30.7% of total population
 - Rockingham County
 - 325,843 people
 - 23.0% of total population
- NH's two least populous counties are:
 - Sullivan County
 - 43,822 people
 - 3.1% of total population
 - Coos County
 - 32,088 people
 - 2.3% of total population

Source: NH Office of Planning and Development (OPD)

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'25 Population Highlights



- | | |
|--|--|
| <ul style="list-style-type: none"> • NH's five most populous municipalities are: <ul style="list-style-type: none"> • Derry – 34,691 – 2.5% • Dover – 34,846 – 2.5% • Concord – 44,517 – 3.1% • Nashua – 92,892 – 6.6% • Manchester – 117,56 – 8.3% | <ul style="list-style-type: none"> • NH's five least populous municipalities are: <ul style="list-style-type: none"> • Windsor – 282 • Orange – 277 • Roxbury – 229 • Ellsworth – 96 • Hart's Location - 68 |
|--|--|

Source: NH Office of Planning and Development (OPD)

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Unemployment Rates



Unemployment Rates New Hampshire

	Jul-26	Jun-26	Jul-25
SA	2.8%	2.9%	3.1%
NSA	2.7%	2.5%	3.2%

NH Ranks 5th best in the nation for both seasonally and non seasonally adjusted rates.

United States

	Jul-26	Jun-26	Jul-25
SA	4.1%	4.2%	4.3%
NSA	4.4%	4.4%	4.6%

SA = Seasonally Adjusted

NSA = Not Seasonally Adjusted

Source: NHES

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Miscellaneous - 2024



	NH	US
Veterans	86,727	16,185,883
Median value of owner-occupied housing units, 2020-2024	402,500	332,700
Households with a computer, 2020-2024	96.2%	95.5%
Households with a broadband internet subscription, 2020-2024	92.9%	91.0%
Median household income (in 2024 dollars), 2020-2024	99,031	80,734
Per capita income in past 12 months (in 2024 dollars), 2020-2024	52,798	44,673
Persons in poverty, percent	7.2%	10.6%

Source: US Census Bureau QuickFacts

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Federal Funding

The trick to being smart is knowing when to play dumb.



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USAFacts



USAFacts



We turn public data into public knowledge

USAFacts exists to make government data easier to access and understand. We don't tell you what to think. We give you what you need to make informed decisions.

- USAFacts is a not-for-profit organization and website that provides data and reports on the US population, its government's finances, and government's impact on society.
- USAFacts is generally considered a credible source for government data, presenting information in a nonpartisan manner.

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Federal Funds to all States

In FY 2025

\$1.22 T

was provided by the federal government to state and local governments

In FY 2025

17 %

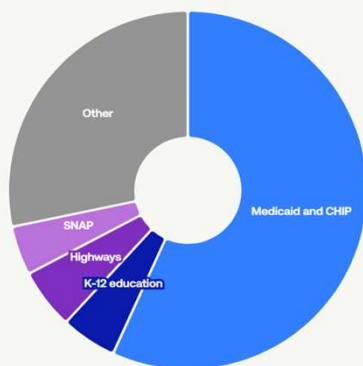
of federal spending was transferred to state and local governments

- According to USAFacts transfers to state and local governments may be awarded through:
 - Competitive application process;
 - Given based on formulas that consider things like population, highway miles, income.
- Federal transfers to state and local governments for FY2025 was \$1.22T which represents 17% of the total federal spending. This is up from last year's \$1.1T or 16.2% of total spending.

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Federal Funds to all States

Federal government transfers to state and local governments by category, FY 2025



Source: Office of Management and Budget →

USAFacts

The Categories the money was spent on are:

- Medicaid and Children's Health Insurance Program (CHIP)
 - \$692 Billion
- K-12 Education
 - \$61.2 Billion
- Highways
 - \$66.2 Billion
- SNAP
 - \$54 Billion
- Other
 - \$344 Billion

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Federal Funds to NH



In FY 2023

\$3.73_B

was the amount New Hampshire governments received from the federal government

In FY 2023

23.9 %

of New Hampshire governments' revenue came from federal transfers

For FY 2023, the latest information USAFacts has posted, federal transfers make up anywhere from 20% to 39.2% of the total state and local government revenues.

NH's FY 2023 transfer was 23.9% of NH's total revenues.

NH's receipts from the federal government amounts to only 0.31% of the funds given to all states.

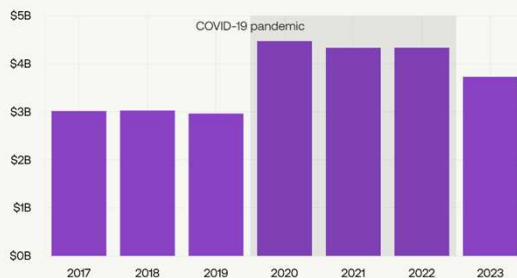
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Federal Funds to NH



Federal transfers to New Hampshire governments decreased 14% in FY 2023.

Federal transfers to New Hampshire's state and local governments, FY 2023 dollars



Source: US Census Bureau →

USAfacts

Although there was a decrease of 14% over FY2022, the amounts are still higher than pre-COVID-19.

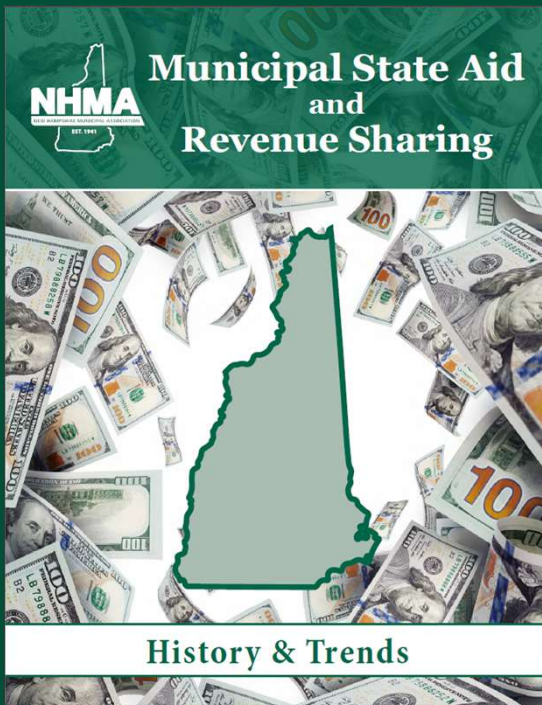
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State Funding

People are always calling me skeptical. I'm not sure if I believe that.



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State Aid to Municipalities

- Publication is updated every two years on the even year
- 2024 is the current edition, but 2026 will be released before year end
- Reviews the main sources of revenue for municipalities with a focus on the history and trends of the state funded revenue sources

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Before State Aid . . .



The State Budget and all *proposed* Legislation must:



Pass the House



Pass the Senate



Be signed (or not) by the Governor

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Current Biennium State Budget



- \$15.9 billion two-year budget was adopted in June 2025
- The budget preserves most recent gains in municipal state aid despite fiscal pressures
- Proposals to reduce the 30% municipal share of Meals and Rooms tax was defeated
- State Aid Grants (SAG) for municipal wastewater infrastructure was reduced from \$15M in the prior budget to \$2.5M

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NH DES Solid Waste Surcharges



- Starting January 1, 2026, customers who dispose of solid waste at a permitted New Hampshire solid waste landfill, waste-to-energy-facility or incinerator pay a disposal surcharge of \$3.50 per ton of solid waste
- Municipalities who have proof of payment will receive full rebate through a quarterly application process
- Fees to be used to fund DES waste programs and infrastructure grants
- This surcharge **MUST** be part of your expense and revenue budgets

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PFAS Mitigation



- DES established application and compensation process for PFAS-affected water systems
- Reimbursement based on net infrastructure costs after other funding sources
- Find information about this program at:

<https://www.pfas.des.nh.gov/funding/pfas-compensation-fund-public-water-systems>

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NHRS Contribution Rates



- It was predicted that due to legislative changes to the NHRS system that the NHRS contribution rate would increase for the FY2028 – FY2029 period
- Due to larger than expected returns on investments, rates decreased for that period

	Pension Percentage	Medical Subsidy Percentage	Total Employer Percentage
GROUP I			
Employees	11.36%	0.15%	11.51%
Teachers	17.49%	0.77%	18.26%
GROUP II			
Police	25.21%	1.50%	26.71%
Fire	23.13%	1.50%	24.63%

Prior Total Employer Percentage

12.75%

19.23%

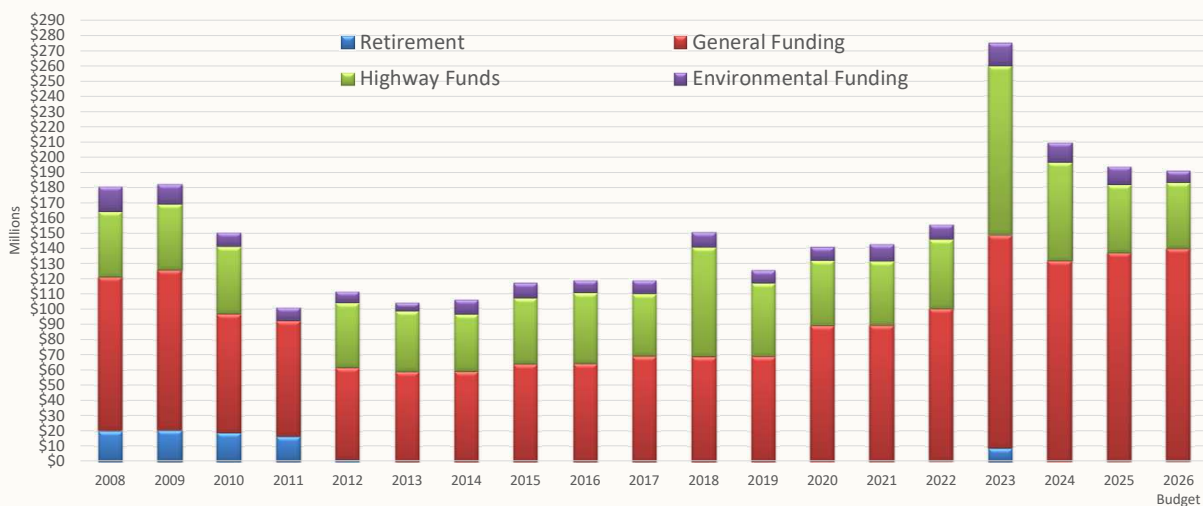
30.95%

29.15%

25

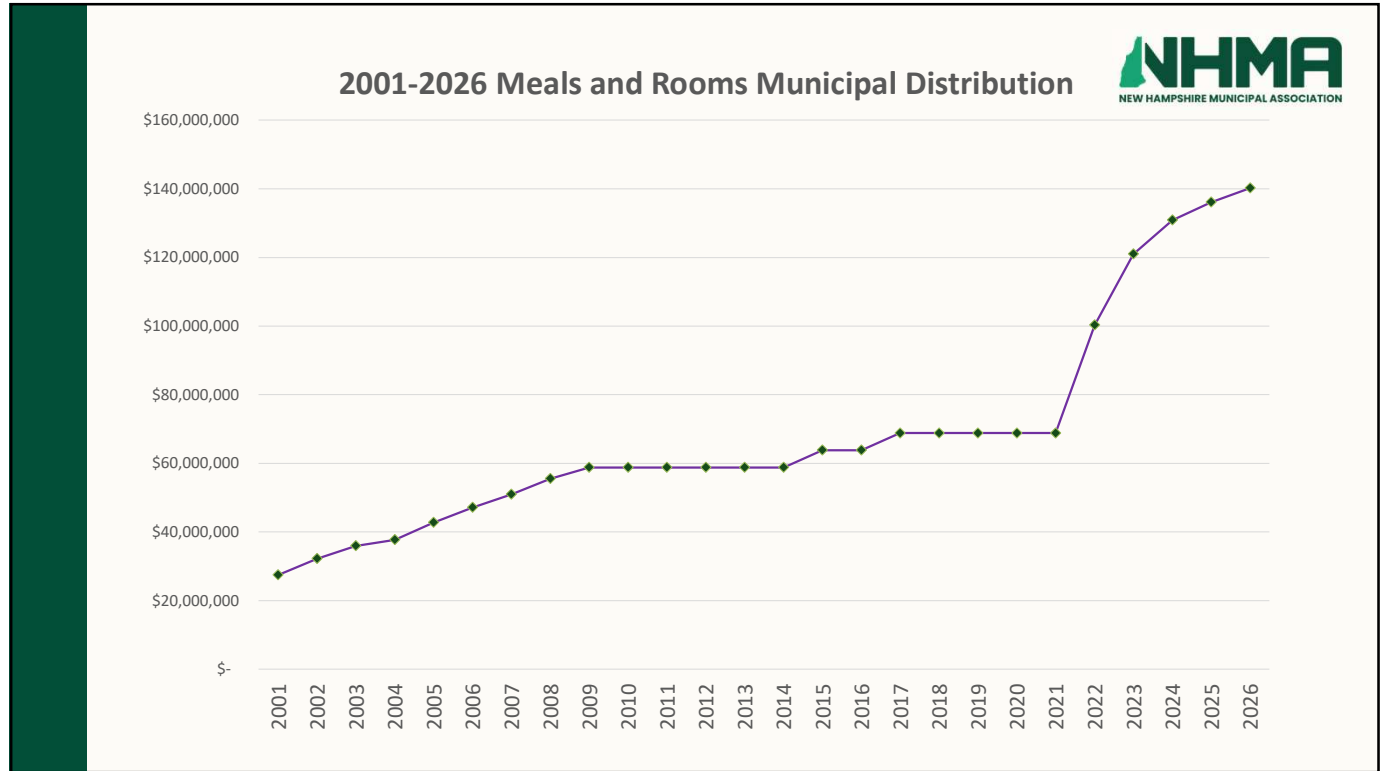
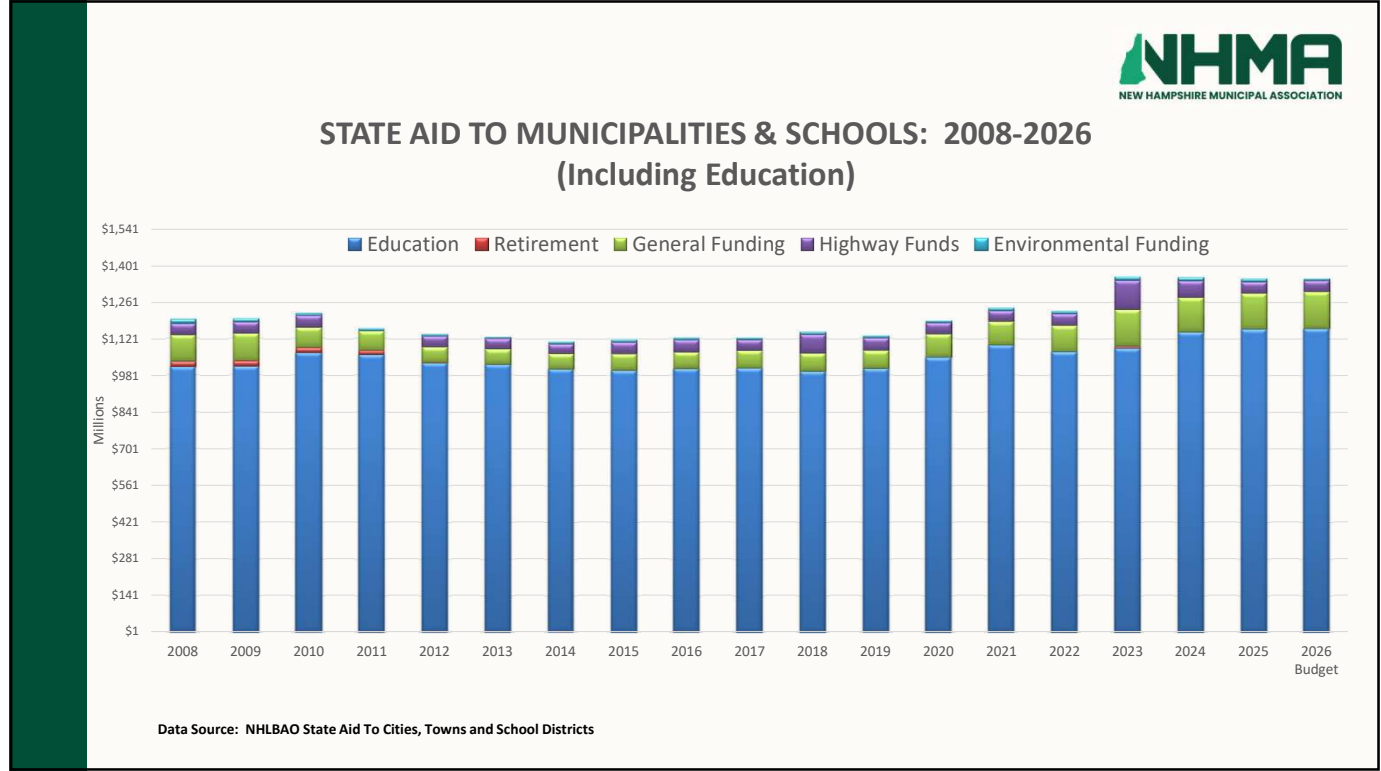


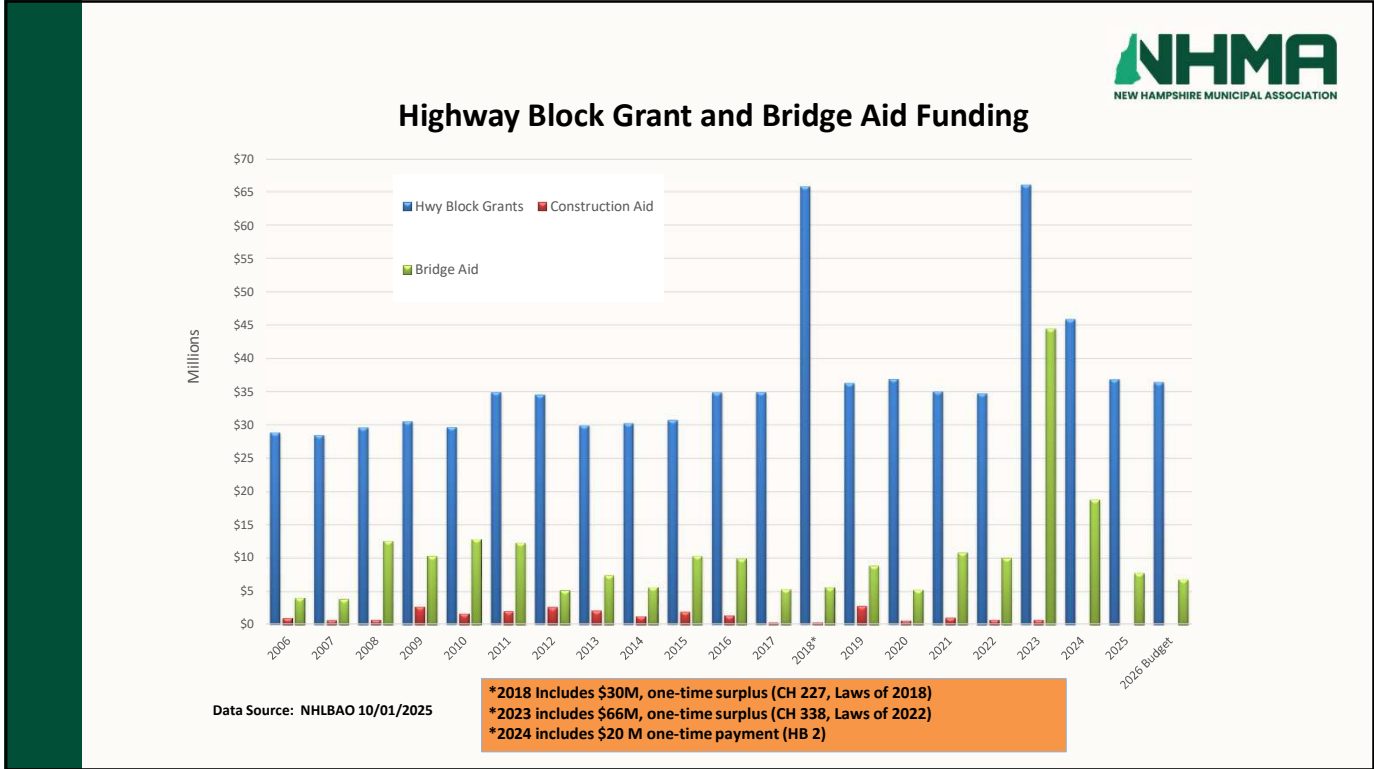
STATE AID TO MUNICIPALITIES: 2008-2026 (Excluding Education)



Data Source: NHLBAO State Aid To Cities, Towns and School Districts

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Fund Balance

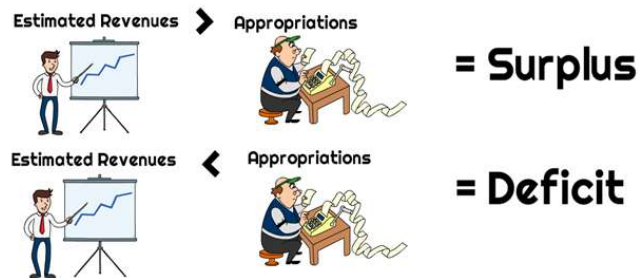
They say good things take time...
That is why I am always late.



What is Fund Balance



Fund Balance is the total accumulation of operating surpluses and deficits since the beginning of a local government's existence.



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Fund Balance “Reserves” vs. Reserve Funds



Fund Balance Reserves

- GAAP accounting and reporting entities, fund balance describes the net position of local government funds.

Reserve Funds

- Future outlays for capital projects/equipment
- Capital Reserve Funds
- Expendable Trusts

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Purposes For Fund Balance Reserves

Cash flow

Avoid short-term borrowing

Operating cycle - i.e., taxes collected in July/December

Reserve for emergencies, unforeseen events, unexpected opportunities

Increased investment income

Helps protect credit rating & obtain lower interest rates on borrowings

May help avoid tax increases or service reductions

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Fund Balance Formulas



Balance sheet

- Fund Balance =
- Assets - Liabilities

Operating surplus / Deficit

- The difference between a fund's revenues and expenditures for a fiscal year

Revenues

– Expenditures

Operating Surplus /
(Deficit)

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Fund Balance in the Budget



- How do I put fund balance usage in the budget?



You Don't!

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Why Not?



- The use of fund balance, no matter how used, is the expectation of a loss.



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GASB 54 Categories



Nonspendable

Restricted

Committed

Assigned

Unassigned

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Nonspendable



Includes the amounts that are **not** in a spendable form or are required to be maintained intact.

- Not in spendable form
 - Inventories
 - Prepaid Expenses
 - Tax Deeded Property
- Legally/contractually required to remain intact
 - Principal portion of a Permanent Fund

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Restricted



Includes amounts that can only be spent for the specific purposes stipulated by external resource providers (such as grantors) or the enabling legislation (federal or state law). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.

- Income portion of a Permanent Fund
- Prepaid grant funds
- Prepaid Bond Funds

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Committed



Includes amounts that can be used only for specific purposes determined by a formal action of the Town's highest level of decision-making authority (Legislative Body). Commitments may be changed or lifted through legislative body action taking the same formal action that imposed the constraint originally.

- Fund balance usage voted on at the current year annual meeting being recorded on the prior year's books
- Capital Reserve Funds
- Expendable Trust Funds
- Non-lapsing appropriations
- Possibly:
 - Library
 - Town Forest
 - Conservation Commission

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Assigned



Includes amounts the Town intends to use for a specific purpose. Imposed by the Governing Body.

For all governmental funds other than the General Fund, any remaining positive balances are to be classified as “assigned”.

- Encumbrances
- Contractual commitments
- Possibly:
 - Library

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Unassigned



Includes amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here.

Any deficit fund balance of another fund is also classified as Unassigned.

- Residual classification for the General Fund
- Fund balance that has not been assigned to other funds
- Fund balance that has not been restricted, committed, or assigned for particular purposes in the General Fund

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Uses of Fund Balance



Legislative Body

- Through the town meeting process the legislative body can use fund balance to offset appropriations

Emergency Spending

- Through the emergency spending process the town can ask DRA to approve emergency spending out of fund balance

Governing Body

- The governing body can use fund balance to offset the tax effort during the tax rate setting process

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Recommended Levels



- ❖ The NH Department of Revenue Administration (DRA) and the Government Finance Officers Association (GFOA) both recommend municipalities maintain their unassigned fund balance reserves at a level between 5% and 17% of the total general fund operating budget. CAREFUL - definitions of operating budget differ.

2024 Fund Balance Retention Guidelines: Milton	
Description	Amount
Current Amount Retained (10.59%)	\$1,546,842
17% Retained (<i>Maximum Recommended</i>)	\$2,482,466
10% Retained	\$1,460,274
8% Retained	\$1,168,219
5% Retained (<i>Minimum Recommended</i>)	\$730,137

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DRA's Calculation



- ❖ NH DRA calculates the general fund operating expenses by taking your total appropriations, less transfers to enterprise funds, less debt, adding in the local and state school tax efforts, the county effort, and, if there is one, the village district tax effort.

Fund Balance Retention	
Enterprise Funds and Current Year Bonds	\$149,052
General Fund Operating Expenses	\$14,602,739
Final Overlay	\$53,276

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Target Levels Concepts



- ❖ The Government Finance Officers Association (GFOA) recommends you retain 2 months of operating expenses
- ❖ Local conditions often dictate a higher or lower target
- ❖ Cash flow timing
- ❖ Bond rating
- ❖ Revenue stability
- ❖ Risk factors

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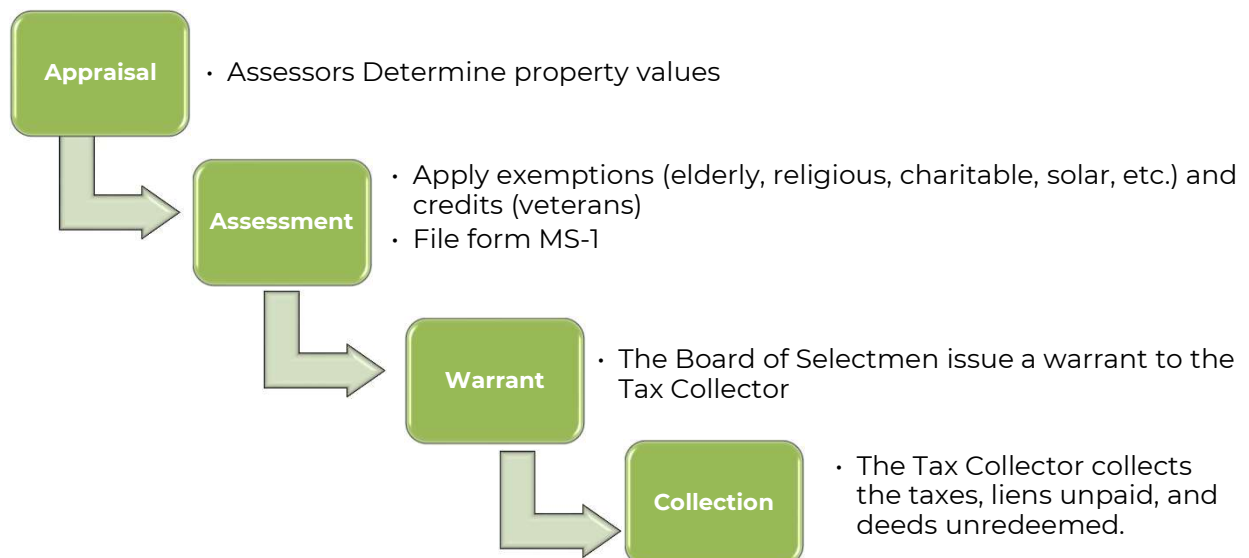
Property Taxes

The fact that there's a highway to Hades and only a stairway to Heaven says a lot about the anticipated traffic numbers.



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Property Tax Process



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Tax Rate Calculation		Example	
	MS-232-R Gross Appropriation	\$21,645,008	
-	MS-434-R Revenues	7,768,984	-
-	Fund Balance Use	1,119,393	-
+	Overlay (5% Max)	30,871	+
+	Veterans Credits	308,625	+
=	Net Municipal Tax Effort	13,096,127	=
÷	MS-1 Assessed Property Valuation	3,911,869,779	÷
×	1,000	1,000	×
=	Tax Rate per \$1,000 Valuation	\$ 3.35	=

Property Tax Calculation



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Tax Bill Calculation



- \$500,000 assessed value
- Divide it by \$1,000 and multiply by the tax rate (per 1,000 valuation) of \$3.35
- Town taxes owed = \$1,675

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Three-Finger Rule



➤ Local Assessed Value = \$3,911,869,779

Appropriations	Tax Rate Impact
\$3,911,869	\$1.00
\$391,187	\$0.10
\$39,119	\$0.01

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Estimated Impact on the Tax Rate



Divide the appropriation by the assessed value of the town X \$1,000
for rate per \$1,000 of valuation

\$750,000 Fire Truck / \$3,911,869,779
X \$1,000 = \$0.19



\$1,000,000 Collective Bargaining Agreement
(CBA) Cost Item
\$1,000,000 CBA / \$3,911,869,779
X \$1,000 = \$0.26



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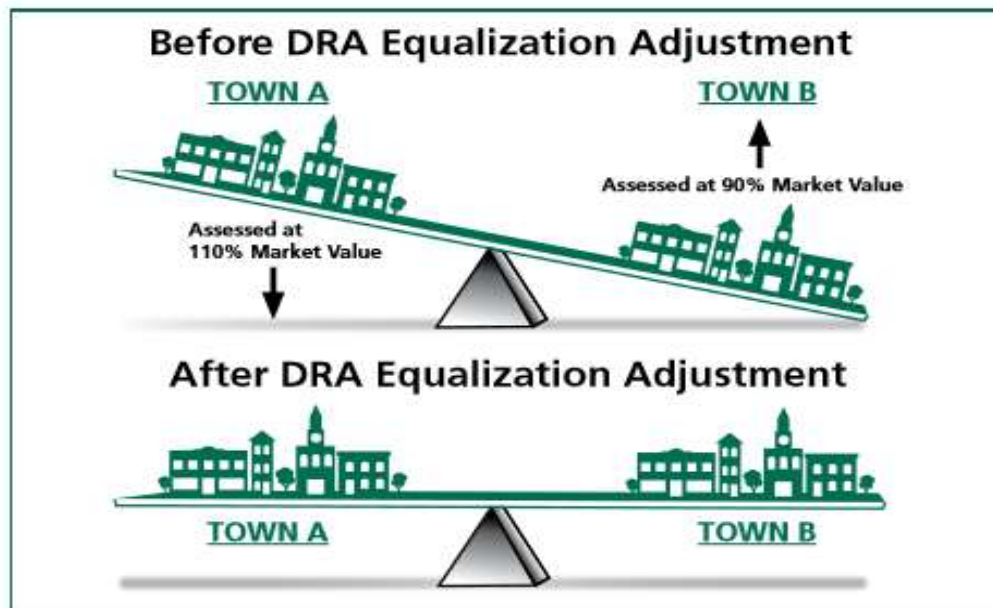
Equalization Process



- ❖ Equalization necessary for calculating shared taxes
- ❖ County, Co-op Schools, Multi-town precinct
- ❖ DRA adjustment reflects proportionality to other municipalities

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Equalized Property Values

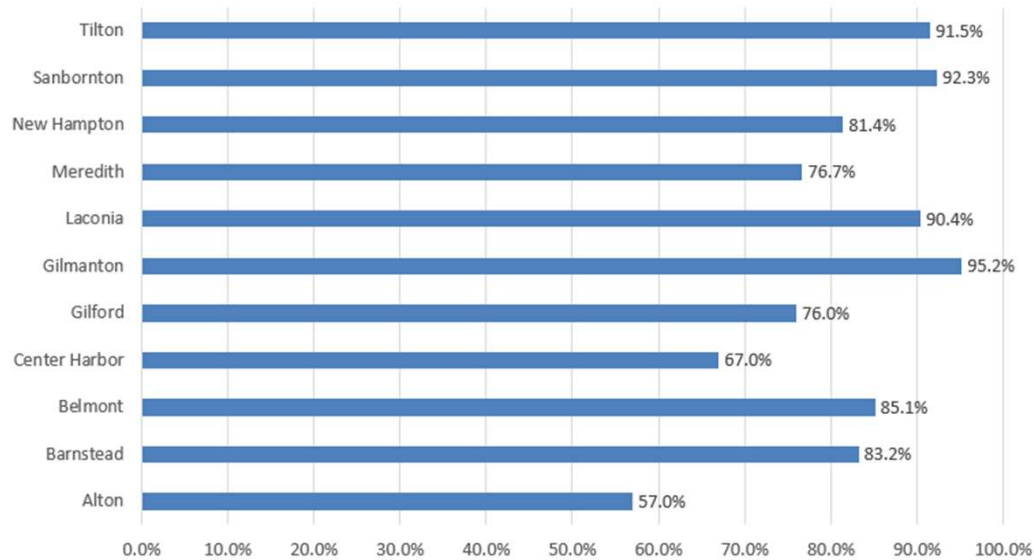


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Equalized Property Values

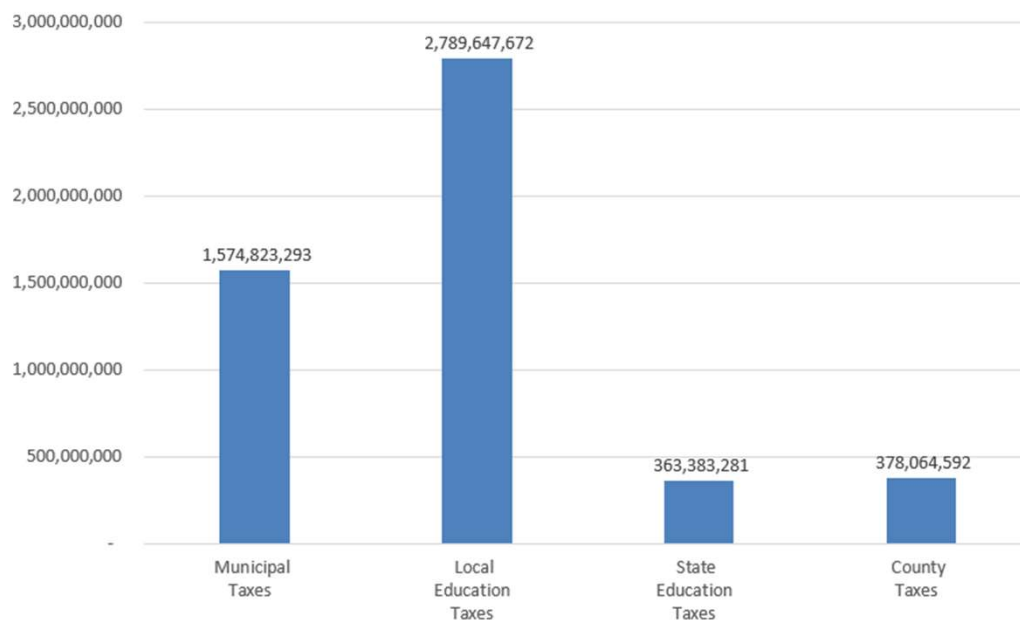


Belknap County Equalization Ratio



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2025 Property Tax Effort



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Top and Bottom Tax Efforts



Top 5 Tax Effort	
Nashua	276,035,369
Manchester	268,469,989
Concord	154,257,720
Dover	126,348,472
Salem	121,505,649
Bottom 5 Tax Effort	
Roxbury	728,925
Benton	475,215
Windsor	396,173
Ellsworth	322,046
Hart's Location	96,408
Top and Bottom Tax Effort for Unincorporated Paces	
Hales Location	320,995
6 Locations	- 0 -

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QUESTIONS?



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**Our
Vision**

NHMA is known as the premier source of information and support needed for town and city officials to effectively serve the public.

**Our
Mission**

NHMA supports effective municipal government by leveraging the collaborative strengths of New Hampshire cities and towns through education, training, advocacy, and legal services.

**Our
History**

The New Hampshire Municipal Association, Inc. (NHMA) is a nonprofit, non-partisan membership organization of municipalities. Founded in 1941 for the purpose of exchanging information to facilitate more efficient and effective local government, NHMA was reorganized in July 2003 under the umbrella of the New Hampshire Local Government Center (LGC). At that time all services provided to municipalities by NHMA were assumed by LGC except legislative advocacy, which remained in NHMA LLC, a separate subsidiary of LGC. In the fall of 2012 all "traditional municipal league services" including legislative advocacy, legal advisory services, training programs, and educational publications, were consolidated under NHMA with oversight by the NHMA Board of Directors. Currently, NHMA, Inc. operates as a totally separate, independent organization from the former LGC risk pools (HealthTrust, Inc. and Property Liability Trust, Inc.) with a board comprising only elected and appointed municipal officials elected by NHMA members.

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**TAMMY
LETSON**

Government Finance
Specialist

CONTACT US

Phone: 603.224.7447

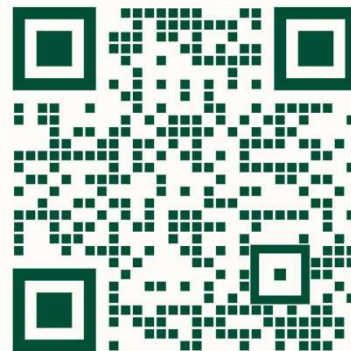
Email: financeinquiries@nhmunicipal.org

Address: 25 Triangle Park Drive,
Concord, New Hampshire 03301

NHMA's government finance specialist has extensive experience in municipal government and finance. She is available to assist NHMA members with government-finance inquiries and provides educational programming. The available services are described below, and members can contact her at financeinquiries@nhmunicipal.org or by calling 603.224.7447 and choosing option 1.

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MEMBER FEEDBACK



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