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Finance

# CITY OF CONCORD

*New Hampshire's Main Street™*  
Finance

## REPORT TO CITY COUNCIL

**FROM:** Brian LeBrun, Deputy City Manager – Finance  
**DATE:** October 31, 2022  
**SUBJECT:** Use of Surplus and Fiscal Year 2022 Financial Results

### **Recommendation**

Accept this report and approve the attached resolutions as recommended by the Fiscal Policy Advisory Committee.

For Fiscal Year ending June 30, 2022, the City is reporting a preliminary General Fund surplus of \$28,200. Management plans to allocate \$1,425,000 at year-end to Assigned Fund Balance, including \$100,000 to be assigned for overlay for settlement of future abatements and \$375,000 for the amended FY 2023 budgetary Use of Fund Balance.

Management also recommends appropriating \$950,000 from the City's FY 2022 Assigned Fund Balance as a Transfer to Trust Fund Reserves, as detailed below, and appropriating \$94,000 to be transferred from Trust Fund Reserves for the purposes detailed below.

### **Background**

In Fiscal Year ending June 30, 2022 fiscal results were positive and resulted in the surplus reported here. This is very good news. Two significant item that contributed to the surplus are:

- The first is the year-end property tax collection adjustment that is made as of August 31 each year, also known as the “60 day” rule adjustment is positive again this fiscal year. Most years this adjustment to property taxes is an increase or decrease to the Property Tax Revenue line of \$100,000 ±. For Fiscal Year 2022, this adjustment was an increase to property tax revenue in the amount of \$206,000. This change is the result of higher

property tax collection rates than most previous fiscal years and is in addition to last year's more than \$1.4 million adjustment.

- The second is the amount recorded as revenue from American Rescue Plan Act (ARPA) funds was \$1,185,200 that was used as an offset to wages and other operational expenses.

## **Discussion**

### ***General Fund***

The FY 2022 General Fund actual revenues received exceeded the amended budget by \$27,400.

The major variances (greater than \$30,000) to budget are:

<b><i>Department Revenue Excess/(Shortage)</i></b>		
		<u>Amount</u>
Assessing	Payment in Lieu of Taxes	\$ 47,600
Finance	Property Taxes	\$ 205,800
	Fines and Penalties	\$ (128,100)
	Motor Vehicle Registrations	\$ 105,600
	Investment Income	\$ 37,100
	Sale of Assets	\$ 32,900
	Use of Fund Balance	\$ (2,930,600)
General Overhead	Retiree Health Insurance	\$ 43,500
	Insurance Distributions and Credits	\$ 321,800
	Transfer In Grants and Donations	\$ 1,185,200
Police	Special Duty Services	\$ 239,100
	Cruiser Rental Fee	\$ 57,900
Fire	Ambulance Charges	\$ 373,800
	Other Gov Agencies - State	\$ 95,200
Community Development	Construction Permits	\$ 84,300
	Review Fees	\$ 60,100
	Timber Sales	\$ 33,400
	Transfer In Trust	\$ (54,300)
Parks & Recreation	Camps	\$ 40,500
	Program Fees	\$ 36,300
Other	All Other Revenue Items	\$ 140,300
<b><i>Total Revenue Excess/(Shortage)</i></b>		<b><i>\$ 27,400</i></b>

Conversely, while some General Fund line item expenses exceeded the amended budget, overall, actual expenses were under budget by \$800. The variances are:

<b><i>Expenses Underspent/Overspent</i></b>		
		<u>Amount</u>
Compensation		\$ (251,100)
Fringe Benefits		\$ 5,700
Outside Services		\$ 292,500
Supplies		\$ (383,400)
Utilities		\$ 49,300
Insurance		\$ 8,000
Capital Outlay		\$ 17,000
Debt Service		\$ (6,100)
Miscellaneous		\$ 274,200
Transfer Out		\$ (5,300)
<b><i>Total Under/(Over) Expended</i></b>		<b><i>\$ 800</i></b>
Total Revenues Received		\$ 72,127,700
Total Expenditures		\$ 72,099,500
<b><i>Total Surplus</i></b>		<b><i>\$ 28,200</i></b>

### **Resolutions**

The basis for the attached resolution is to support needed initiatives that were either not funded in the FY 2022 operating budget, issues that arose after the FY 2022 budget was presented/adopted, or looking ahead to resolve future issues.

The items requested in the resolution(s) are:

Highway Reserve (Paving)	\$ 500,000
Equipment Reserve	\$ 250,000
Recreation Reserve	\$ 100,000
Economic Development Reserve	\$ 100,000
Subtotal	\$ 950,000
Allocation for Overlay (Abatements)	\$ 100,000
Allocation for FY 2023 Budgetary Use of Fund Balance	\$ 375,000
<b><i>Total FY 2022 Assigned Fund Balance</i></b>	<b><i>\$ 1,425,000</i></b>

**Note:**

The attached resolution also recommends a supplemental appropriation in the amount of \$94,000 to support the following items:

<i>From Equipment Reserve \$84,000</i>	
\$ 2,000	PCR #101 Police Mountain Bike Replacement
\$ 3,000	PCR #39 Parks and Recreation Tablet for GSCC
\$ 6,500	PCR #55 Fire Broadway Station Door Replacement
\$ 11,000	PCR #56 Fire Broadway Station Locker Replacement
\$ 1,000	PCR #88 Fire Swiftwater Gear Replacement
\$ 800	PCR #97 Police Taser Simulation Suit
\$ 59,700	New and replacement furniture fixture
<i>From Education Reserve</i>	
\$ 10,000	Education and Training Opportunities

The new and replacement furniture and fixtures includes City Hall conference room tables, remaining desk partitions and other furniture in the Collections Office, desks and other furniture replacement in the Information Technology Department, a desk replacement for the Purchasing Division and other furniture and equipment items as determined in conjunction with the City Manager.

These items are proposed to be funded entirely from available reserve account funds.

**Enterprise and Special Revenue Funds Results**

In addition to the General Fund, the FY 2022 summary year-end performance by other major funds is:

<b><u>Fund</u></b>	<b><u>Amended Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
Inspection	\$ -	\$ (14,300)	\$ (14,300)
Parking	\$ (209,600)	\$ 696,600	\$ 906,200
Airport	\$ (111,800)	\$ (53,500)	\$ 58,300
Golf	\$ 7,000	\$ 311,700	\$ 304,700
Arena	\$ (26,200)	\$ 228,800	\$ 255,000
Solid Waste	\$ (173,700)	\$ 635,100	\$ 808,800
Water	\$ (494,400)	\$ (170,500)	\$ 323,900
Wastewater	\$ (317,100)	\$ 938,500	\$ 1,255,600

Note that there are variances in a number of the special revenue and enterprise funds for FY 2022. The explanation of variances is below:

1. Inspection Fund – \$14,300 worse than anticipated. A supplemental appropriation for the Inspection Fund in the amount of \$17,300 was approved by City Council at their October 2022 meeting, due to expenses being greater than original budget. Additionally, revenues did not fully cover inspection services expenses. Therefore, \$87,300 was approved by City Council at their October City Council meeting as a transfer to the Inspection fund. The remaining deficit of \$14,300 was covered by the available fund balance.
  - Note – FY 2022 is the last year of this fund, starting in FY 2023 Inspection revenues and expenses will be part of General Fund operations in the Community Development Department.
2. Parking Fund – \$906,200 better than anticipated. This includes a \$438,400 transfer-in from ARPA funding, metered parking and metered cards better than anticipated \$316,400, and rental income better than expected \$30,200. Parking penalties were less than budgeted by \$71,100 Expenses are under by \$183,200.
3. Airport Fund - \$58,300 better than anticipated. This includes a \$31,500 transfer from ARPA funding.
4. Golf Fund – \$304,700 better than anticipated.

Revenues – All revenue lines except rental were better than budget. Rental was short of budget by less than \$1,000.

Expenses – A supplemental appropriation in the amount of \$3,900 was approved by City Council in October 2022 due to support additional costs for pro shop sales.

5. Arena Fund - \$255,000 better than budgeted. This includes a \$179,600 transfer from ARPA funding

Both revenues and expenses performed better than budget.

6. Solid Waste Fund - \$808,800 better than anticipated. This includes a \$386,000 transfer from ARPA funding. Residential sales were also better than budgeted. Commercial sales and expenses were both under budget.
7. Water Fund - \$323,900 better than anticipated. This includes a \$63,000 transfer from ARPA funding.

Water sales were short of budget and expenses in almost all categories were under budget.

8. Wastewater Fund - \$1,255,600 better than anticipated.

Overall revenues in the Wastewater Fund were significantly higher than expected, \$990,700. This is due to higher Sewer Usage & Fixed Charges \$425,300, higher Sewer Usage Charges – Towns \$157,900, additional Leachate Processing \$158,500 and increased Septage Processing \$162,400.

Expenses were under budget by \$264,900 due to savings in compensation \$45,200, Professional Services \$120,500 and Electricity \$45,700.

cc: City Manager  
Assistant Finance Director