



# CITY OF CONCORD

*New Hampshire's Main Street™*

## Finance

Brian G. LeBrun  
Deputy City Manager  
Finance

### REPORT TO CITY COUNCIL

**FROM:** Brian LeBrun, Deputy City Manager – Finance

**DATE:** November 16, 2023

**SUBJECT:** Use of Surplus and Fiscal Year 2023 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, 2023, the City is reporting a preliminary General Fund surplus of \$3,251,800. Management plans to allocate \$2,979,500 at year-end to Assigned Fund Balance, including \$100,000 to be assigned for overlay for settlement of future abatements and \$295,200 for the FY 2024 budgetary Use of Fund Balance. This will result in an unassigned fund balance of \$15,571,000 or 22.4%.

Management also recommends appropriating \$2,584,300 from the City's FY 2023 Assigned Fund Balance as a Transfer to Trust Fund Reserves, as detailed below, and appropriating \$154,300 to be transferred from Trust Fund Reserves for the purposes detailed below. Lastly, we recommend the establishment of a Human Resources Reserve Fund.

## **Background**

In Fiscal Year ending June 30, 2023 fiscal results were positive and resulted in the surplus reported here. This is very good news. Two significant items that contributed to the surplus are:

- Investment Income exceeded budget by \$792,300
- Wage and Benefit expenses were under budget by \$2,403,700.

## **Discussion**

### ***General Fund***

The FY 2023 General Fund actual revenues received exceeded the amended budget by \$882,800. The major variances (greater than \$20,000) to budget are:

<b><i>Department Revenue Excess/(Shortage)</i></b>		
		<u>Amount</u>
Assessing	Payment in Lieu of Taxes	\$ 95,700
Finance	Property Taxes	\$ (37,700)
	Fines and Penalties	\$ (110,900)
	Motor Vehicle Registrations	\$ 37,100
	Investment Income	\$ 792,300
	Sale of Assets	\$ 57,600
	Use of Fund Balance	\$ (1,455,400)
	Other Revenue	\$ 55,100
City Clerk	Sundry Services	\$ 25,200
General Overhead	Retiree Health Insurance	\$ 30,700
	Insurance Distributions and Credits	\$ 111,800
Police	Special Duty Services	\$ (79,100)
	Other Revenue	\$ 38,700
	Other Gov Agencies - State	\$ 180,500
	School District Payments	\$ (24,100)
Fire	Ambulance Charges	\$ 560,200
	Other Revenue	\$ 23,700
	Other Gov Agencies - Federal	\$ 28,500
	Other Gov Agencies - State	\$ 183,800
	Other Gov Agencies - Local	\$ 21,100
General Services	Other Service Charges	\$ 28,400
	Transfer In - Wastewater	\$ (20,200)
Community Development	Construction Permits	\$ 138,300
	Other Permits	\$ 107,100
	Street Damage Fees	\$ 23,500
	Inspection Fees	\$ (54,600)
	Timber Sales	\$ 24,200
	Transfer In Trust	\$ (34,400)
Parks & Recreation	Camps	\$ 68,200
	Program Fees	\$ 51,600
	Rental Income	\$ (32,300)
Other	All Other Revenue Items	\$ 48,200
<b><i>Total Revenue Excess/(Shortage)</i></b>		<b><i>\$ 882,800</i></b>

While some General Fund line item expenses exceeded the amended budget, overall, actual expenses were under budget by \$2,369,000. The variances are:

<b><i>Expenses Underspent/(Overspent)</i></b>		
		<u>Amount</u>
Compensation		\$ 1,412,000
Fringe Benefits		\$ 991,700
Outside Services		\$ 29,300
Supplies		\$ (271,200)
Utilities		\$ 86,300
Insurance		\$ 20,400
Capital Outlay		\$ (6,300)
Debt Service		\$ 5,200
Miscellaneous		\$ 129,500
Transfer Out		\$ (27,900)
<b><i>Total Under/(Over) Expended</i></b>		<b><i>\$ 2,369,000</i></b>
Total Revenues Received		\$ 79,998,500
Total Expenditures		\$ 76,746,700
<b><i>Total Surplus</i></b>		<b><i>\$ 3,251,800</i></b>

### **Resolutions**

The basis for the attached resolution is to support needed initiatives that were either not funded in the FY 2024 operating budget, issues that arose after the FY 2024 budget was presented/adopted, or looking ahead to resolve future issues.

The items requested in the resolution(s) are:

<b>FY 2023 Assigned Fund Balance</b>	
Highway Reserve (Paving)	\$ 900,000
Technology Infrastructure and Equipment Reserve	\$ 100,000
Equipment Reserve	\$ 399,300
Recreation Reserve	\$ 650,000
Human Resources (Class and Comp Study)	\$ 50,000
Assessing Reserve	\$ 385,000
Economic Development Reserve	\$ 100,000
Subtotal	\$ 2,584,300
Allocation for Overlay (Abatements)	\$ 100,000
Allocation for FY 2024 Budgetary Use of Fund Balance	\$ 295,200
<b>Total FY 2023 Assigned Fund Balance</b>	<b>\$ 2,979,500</b>

*\*\* Recreation Reserve amount includes \$196,936.62 to transfer to Capital to closeout the White Park Multipurpose Recreational Building (Skate House) and is included in the attached resolution.*

**Note:**

The attached resolution also recommends a supplemental appropriation in the amount of \$154,300 to support the following items:

<i>From Equipment Reserve \$116,800</i>	
\$ 12,000	PCR #63 Sit to Stand Desks (Fire)
\$ 3,300	PCR #21 Election Stations (City Clerk)
\$ 20,000	Gridsmart Camera Replacement (Fire)
\$ 16,500	Wellness (Human Resources)
\$ 15,000	External Vest Carriers (Police)
\$ 50,000	New and replacement furniture and fixtures (General)

<i>From Education Reserve</i>	
\$ 10,000	Education and Training Opportunities

<i>From Equipment Reserve</i>	
\$ 27,500	Software (Human Services) (CIP #302)

The new and replacement furniture and fixtures includes City Hall budget room conference table, new chairs for the large conference room, replacement furniture for Community Development and

the Prosecutors Office, maintenance for City Hall electronic key system, other furniture and equipment items as determined by the City Manager, educational related opportunities and software replacement for the Human Services Department.

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 2023 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>
Parking	\$ 400,400	\$ 701,500	\$ 301,100
Airport	\$ (94,500)	\$ 89,000	\$ 183,500
Golf	\$ 1,600	\$ 170,500	\$ 168,900
Arena	\$ (22,600)	\$ (13,000)	\$ 9,600
Solid Waste	\$ (230,800)	\$ 280,000	\$ 510,800
Water	\$ (479,500)	\$ (626,600)	\$ (147,100)
Wastewater	\$ 490,500	\$ 535,700	\$ 45,200

Note that there are variances in a number of the special revenue and enterprise funds for FY 2023. The explanation of variances is below:

1. Parking Fund – \$301,100 better than anticipated. This includes Parking Penalties, Metered Parking and other income lines better than budget, and Rental Income less than budget, in total \$23,800 better. \$316,400, and rental income better than expected \$30,200. Expenses are under by \$277,300 mainly due to wage and benefit savings and savings in repairs and maintenance.
2. Airport Fund - \$183,500 better than anticipated. Rental Income better than expected due to new tenant and expenses were under budget due to temporary employee reassignment.
3. Golf Fund – \$168,900 better than anticipated.

Revenues – All revenue lines except rental income and concession sales were better than budget.

Expenses – A supplemental appropriation in the amount of \$140,000 was approved by City Council in October 2023 to support additional costs for Wages and Benefits, Repairs and Maintenance, Department Supplies, Auto Parts, Cost of Goods Sold, League and Tournament Fees and Vehicle Fuel.

4. Arena Fund - \$9,600 better than budgeted.

Revenues – Revenues exceeded budget.

Expenses – A supplemental appropriation in the amount of \$70,000 was approved by City Council in October 2023 to support additional costs for Wages and Benefits, Professional Services and Cost of Goods Sold \$13,700.

5. Solid Waste Fund - \$510,800 better than anticipated.

Revenues – Commercial Disposal was short of budget, Downtown Solid Waste District Revenue better than budget, Pay as You Throw Bag Sales better than budget and Other Revenue better than Budget.

Expenses – Professional Services, which includes solid waste disposal services, were better than budget as well as most other expense lines.

6. Water Fund - \$147,100 Worse than anticipated.

Revenue - This includes a \$318,700 year-end billing adjustment.

Expenses – A supplemental appropriation in the amount of \$25,000 was approved by City Council in October 2023 to support additional costs for Office Supplies, Department Supplies, Chemicals and Transfer out to Trust.

7. Wastewater Fund - \$45,200 better than anticipated.

Revenues – This includes a \$613,500 year-end billing adjustment.

Expenses – Overall were under budget.

cc: City Manager  
Assistant Finance Director  
OMB Director