

CONCORD CITY COUNCIL
ADOPTED FISCAL GOALS FOR 2020

A. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

- Goal A1 Complete Consolidated Annual Financial Report (CAFR) and apply for Government Finance Officers Association (GFOA) award for excellence in achievement by December 31.

B. BUDGETARY AND FINANCIAL MANAGEMENT

- Goal B1 Comply with Government Finance Officers Association best practices where applicable.
- Goal B2 Develop annual budget document to meet the GFOA criteria for the Budget Award and annually, apply for the Government Finance Officers Association (GFOA) Budget Award within ninety days of budget adoption.

C. CAPITAL IMPROVEMENTS

- Goal C1 Fund and utilize capital reserve funds when available and appropriate to help provide a stable programmed approach to funding high priority capital needs.
- Goal C2 Commit 3% of General Fund Appropriations towards Capital Improvement Plan.
- Goal C3 Annually, prepare a ten year Capital Improvement Plan and consider future operation and maintenance costs as part of the projection.
- Goal C4: By Fiscal Year 2021, commit funds equal to 2% of the tax rate to support a neighborhood street paving, restoration and repair program. Annually these funds will be transferred to the Highway Capital Reserve trust. In order to reach the 2% goal, the final tax rate would be increased by .5% in Fiscal Years 2017 and, 2018, .25% in Fiscal Year 2019 and 2020, and .5% in Fiscal Year 2021.

D. CASH MANAGEMENT

- Goal D1 Aggressively pursue collection of property taxes and all other receivables due the City.

E. DEBT MANAGEMENT

- Goal E1 Limit General Fund debt service expenditures to between 10 and 14% of total appropriations.
- Goal E2 Manage debt burden to 70% payoff within 10 years.

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F. EMPLOYEE COMPENSATION AND BENEFITS

- Goal F1 Historically, the biggest factors forcing budget growth are increases in employee compensation and increased benefits costs. The City should have a compensation and benefit program that: (a) reflects the value of work performed by our employees; (b) includes incentives for superior job performance; (c) compares favorably with the compensation and benefits paid for similar work in the private and public sectors, and (d) considers the ability of the community to pay. Both our employees and the public must understand the mutual respect that such a policy warrants. Review compensation plan every 3-5 years for comparability to other municipalities and the private sector.
- Goal F2 Create an incentive program to reward high achieving employees that are not covered as part of a collective bargaining agreement. Recipients should be no more than 5% of non-contractual work force and amounts shall be no more than 2% of employee's annual salary.
- Goal F3 Reduce the annual escalation of health insurance benefit costs by requiring employees and retirees to bear an equitable portion of annual premium increases and consider the cost of Health Insurance, Retirement and other related benefits when determining wage increases for both contractual and non-contractual employees.
- Goal F4 Review retiree health insurance cost structure and reduce obligations as necessary.

G. ENTERPRISE, SPECIAL REVENUE AND OTHER FUNDS MANAGEMENT

- Goal G1 Maintain financially self-supporting enterprise funds with healthy financial positions.
- Goal G2 Maintain infrastructure, plant and facilities, and financial management, using proven industry-wide best practices to assure regulatory compliance and, system reliability and minimize the risk of infrastructure failure.
- Goal G3 Support planned economic development to attract and retain businesses through competitive rates and fees.
- Goal G4 Promote resource conservation and efficiency (water, electricity, fuel etc.).
- Goal G5 Other Funds. Other special revenue funds and trust funds shall only be used to support intended expenditures, i.e. Cemetery Perpetual Care and General Maintenance, Cemetery Flowers and Library Books and those created specifically for the purpose of supporting general capital and maintenance expenditures
- Goal G6 Every attempt shall be made to allocate General Fund overhead costs to enterprise and special revenue funds on a fair and consistent basis.

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H. FUND BALANCES

See separate Fund Balance, Reserves and CIP Spending Priority Policy.

I. MUNICIPAL SERVICES EXPENDITURES AND REVENUES

- Goal I1 Focus efforts to reduce expense growth for all City expenses.
- Goal I2 Focus efforts to increase revenues and find new revenue sources wherever possible.
- Goal I3 Promote competitiveness with both the public and private sector in the delivery of services. Benchmarking should be promoted for all city services. Assess aspects of municipal operations for which privatization could reduce municipal costs.
- Goal I4 Evaluate the impact of subsurface utilities and other entities on road maintenance and repairs, and recover all costs that can be fairly allocated to those utilities/entities.
- Goal I5 Review impact fee coverage and the application of the impact fee ordinance.
- Goal I6 Consider an entrepreneurial approach to enhancing revenues. This should be done without detracting from the provision of public services to the City. It should generate a reasonable annual return on investment and expose the City to minimal financial risk.
- Goal I7 Periodically, conduct a thorough review of the City's fees and charges and recommend changes to the City Council as necessary.
- Goal I8 Seek payments in-lieu-of taxes from charitable institutions, and other governmental agencies that benefit from or receive city services.

J. TAX RATE MANAGEMENT

- Goal J1 Maintain a tax rate management policy that limits tax rate growth to near CPI level plus new programs or services and real new growth in property valuation.
- Goal J2 Tax rate target – the Fiscal Policy Advisory Committee should consider whether to recommend setting a tax rate target for the upcoming fiscal year budget no later than the February FPAC meeting.

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Fund Balance, Reserves and CIP Spending Priority Policy

I. PURPOSE

This policy establishes the requirements for prudent care and management of City funds, provides for the proper execution of the City's fund balance to ensure the financial stability of the City, and codifies the spending priority of capital project revenues.

II. ACCOUNTABILITY

The City Manager and Deputy City Manager/Finance in conjunction with the City's Fiscal Policy Advisory Committee and City Council, shall oversee compliance of this policy.

III. DEFINITIONS

A. GASB Statement No. 54 – Governmental Accounting Standards Board Statement No. 54 as it relates to governmental fund balance reporting.

B. Fund Balance Classifications

1. Non-spendable – Portion of fund balance that cannot be spent because the balance is (a) not in spendable form or (b) legally or contractually required to be maintained intact (example: inventory or permanent funds).
2. Restricted – Constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws/regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (example: debt covenants or grant funds).
3. Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Concord City Council). These funds cannot be used for any other purposes unless the same authority removes or changes the specified use by a similar action. The action to commit or remove/change the specific purpose should occur prior to the end of the reporting period, but any amount subject to the constraint may be determined in the subsequent period.
4. Assigned – Amounts that are constrained with the intent to use for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself, (b) a committee, budget or finance, or (c) an official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
5. Unassigned – This is the residual classification for the General Fund. This represents amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund should be the only fund that reports a positive unassigned fund balance.

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IV. POLICY

A. Requirements –

1. General Fund

- a. Unassigned fund balance – It is the policy of the City to achieve and maintain a general operating fund unassigned fund balance level of 18.5% of operating expenses by June 30, 2017.
- b. Assigned fund balance – Upon adoption of this policy, the City Council authorizes the City Manager to assign fund balance for a specific purpose; so long that said purpose is in keeping with this policy, the wishes of the City Council and its Fiscal Policy Advisory Committee, and is in the best interest of the City.
 - i. Utilization of Assigned fund balance will be presented to the City Council for action during the fiscal year immediately following the fiscal year of assignment.
 - ii. Any assigned fund balance not acted upon and/or utilized for the specific purpose for which the City Manager assigned will lapse to unassigned fund balance on June 30 of the fiscal year immediately following the fiscal year of assignment.
- c. Balanced Budget – It is the policy of the City Council to annually adopt a General fund operating budget such that current revenues equal or exceed current appropriations, overlay and war service credits.

2. Water and Sewer enterprise funds

- a. Operating fund reserves – It is the desire of the City to maintain financially self-supporting Water and Sewer Funds with rate stability and to avoid large rate increases. Therefore, it is the policy of the City to, over time, achieve and maintain operating, capital and rate stabilization reserves of:
 - i. Operating – 25% of operating expenses less debt service and pay as you go capital.
 - ii. Capital – 25% of debt service or no less than \$500,000.
 - iii. Rate Stabilization – 10% of operating revenue or no less than \$500,000.

3. Other enterprise and special revenue funds

- a. Operating fund reserves – It is the desire of the City to maintain financially self-supporting Other Enterprise and Special Revenue Funds with healthy financial positions. Therefore, it is the policy of the City to, over time, achieve and maintain working capital reserves of:
 - i. Golf fund – a minimum of 10% of operating expenses including debt service and capital expenditures.
 - ii. Arena fund – a minimum of 10% of operating expenses including debt service and capital expenditures.

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3. Other enterprise and special revenue funds (cont'd)

a. Operating fund reserves (cont'd)

- iii. Parking fund – a minimum of 10% of operating expenses including debt service and capital expenditures.
- iv. Airport fund – a minimum of 10% of operating expenses including debt service and capital expenditures.
- v. Solid Waste fund – a minimum of 10% of operating expenses including debt service and capital expenditures.

4. All funds

- a. CIP Spending priorities – It is the policy of the City to adopt spending priorities for capital projects approved by the City Council. Unless otherwise determined by the Deputy City Manager/Finance or the City Manager to be in the best interest of the City, expenditures for capital projects shall be spent according to the following funding hierarchy order:
 - i. Bonds/notes – expenditures as they relate to long term financing of a project will have the highest priority and be spent first.
 - ii. Grants and awards – expenditures as they relate to revenues from grants or other awards that are not intended to be paid back to the grantor shall have the second highest spending priority and shall be spent second.
 - iii. Capital Reserves – expenditures as they relate to revenues derived from capital reserve funds shall have the third highest spending priority and shall be spent third.
 - iv. Cash or Capital Transfers – expenditures as they relate to revenues derived from operating budget transfers shall have the lowest spending priority and shall be spent only after all available funds have been expended for the intended purpose.
 - v. Dependent funding sources – while it is understood that certain bonds/notes/grants/awards may have certain spending limitations or city matches attached to it, these funds shall be spent to their greatest extent possible to maximize the utilization of the funds in the above order.