

## 2018 OPERATING BUDGET

### APPENDIX E

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#### **FUND STRUCTURE**

As a governmental organization, the City of Concord utilizes a Fund Accounting structure where financial activities are aggregated for specific purposes.

The General Fund is the largest fund and encompasses the more traditional governmental services. The General Fund is primarily funded by property taxes. General Fund revenues are listed in detail by function and classification at the beginning of the budget document, followed by General Fund department appropriation recommendations. The General Fund is considered a Major Fund.

Other funds are established pursuant to state law or prudent financial management and are accounted for using Generally Accepted Accounting Principles (GAAP).

Special Revenue Funds are used to account for revenues dedicated to a specific purpose. These funds include Project Inspection, Parking, Airport, and Conservation Property. Revenues and expenses are listed by Fund.

Enterprise Funds are similar to a commercial enterprise in that they are self-supporting and provide goods or services to the public on a user charge basis. These funds include Golf, Arena, Solid Waste, Water, and Wastewater. Revenues and expenses are listed by fund. The Water, Wastewater and Solid Waste funds are considered Major Funds.

Capital Funds are used to account for capital improvement projects. The City produces an annual Capital budget that details the current year funding for the ten-year Capital Improvement Program (CIP). The current year portion of capital expenditures to be met from operating funds is contained in the Operating Budget as capital outlays or transfers, along with debt service on bonded projects. The Major Capital Project Fund is considered a Major fund.

The City has a number of additional Nonmajor Funds that are audited and included in the City's Comprehensive Annual Financial Report (CAFR) and are not part of this budget document. Some of those funds may receive an appropriation during the fiscal year. When they do City Council must approve the appropriation with a two thirds majority vote. Those funds are:

Special Revenue: Community Development Fund, Housing Revolving Loan Fund, Impact Fee, Miscellaneous Special Revenue, Durgin Garage, Nelson, Forrest and Conservation, Cemetery, Library, Mountain Green, Downtown Economic Development, SVMS Project, Fire Facility Renovations, Open Space Protection Fund, and Capital Commons Garage Fund.

Capital Project Funds: Route 3 Corridor Fund, Manchester Street Fund, North End Opportunity Corridor Fund, Sears Block Capital Fund, and Penacook Village Capital Fund.

Permanent Funds: Cemetery Fund, Library Fund, Dedicated Income Fund, and Other Fund.

Financial results for all funds can be found in the CAFR.

#### **BASIS for ACCOUNTING and BUDGETING**

Basis for Accounting - when revenues, expenditures, and related assets and liabilities are recognized and reported on the entity's financial statements.

## APPENDIX E

---

The modified accrual basis of accounting is used by all General, Special Revenue, and Capital Project Funds. This means that revenues are recognized when they become both “measurable” and “available” - “measurable” meaning that the amount of the transaction can be determined, and “available” meaning that it is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For these purposes, the City considers certain revenues related to the current period to be “available” if they are collected within 60 days of the end of the current period. Expenditures are recorded when liabilities are incurred, with the exception of principal and interest payments on long-term debt, which are recognized as expenditures when due.

The accrual basis of accounting is utilized by all Enterprise Funds, where revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Appropriations in all operating Funds lapse at year-end, however, encumbrances and amounts specifically designed to be carried forward to the subsequent year (i.e., multi-year capital projects and approved grants and donations) do not lapse.

Basis for Budgeting - The City’s basis for budgeting is consistent with Generally Accepted Accounting Principles (GAAP) and with the City’s financial statements as presented in the Comprehensive Annual Financial Report (CAFR). Exceptions are as follows:

- Capital expenditures within the Enterprise Funds are recorded as assets on an accounting basis but are shown as expenditures on a budgetary basis.
- Depreciation of capital assets and amortization of various deferred charges are recorded on an accounting basis only.
- Principal payments on long-term debt within the Enterprise Funds are applied to the outstanding liability on an accounting basis but are shown as expenditures on a budgetary basis.
- Principal payments received on State Grants within the Enterprise Funds are applied to the outstanding Receivable on an accounting basis but are shown as revenues on a budgetary basis.
- Within the Enterprise Funds, increases or decreases in compensated absences are not reported for budgetary purposes, but are reflected as adjustments to expenditures on an accounting basis.

### THE BUDGET PROCESS

Managerial Preparation - City departments began preparing requests for this budget in December. By amended City Charter, the City Manager must review these requests and submit a budget to the City Council forty-five days before the beginning of the fiscal year, or no later than May 16th each year. According to the Charter, City Council must then adopt a budget by July 27, or the City Manager’s Proposed Budget is automatically adopted. However, City Council has adopted an ordinance providing for budget adoption by the beginning of the new fiscal year.

## 2018 OPERATING BUDGET

### APPENDIX E

---

City staff keeps the City Council advised through quarterly Financial Statements with an executive summary. The Fiscal Policy Advisory Committee (FPAC) and the City Council also receive a modeled projection of revenues and expenditures for the current and five future years.

City Council Review, Public Hearing, and Adoption - Section 35 of the City Charter requires a public hearing on the budget. In preparation thereof, the City Council forms a “committee of the whole” called the Finance Committee that reviews the budget between introduction and adoption. See the “Schedule” tab for meeting dates. The Finance Committee reports its changes to the Manager’s Proposed Budget in the form of an amending resolution prior to adoption of the budget by City Council. This amending resolution will identify the differences between the Manager’s Proposed and Council’s Adopted Budgets.

Amendment - No appropriation shall be made for any purpose not included in the annual budget unless voted by two-thirds majority of the Council after a public hearing is held to discuss said appropriation. The Council shall, by resolution, designate the source of any money so appropriated.

Budget Control - At the beginning of each quarterly period during the fiscal year and more often if required by the City Council, the City Manager shall submit to the City Council data showing the relationship between the estimated and actual income and expenses to date; and if it shall appear that the income is less than anticipated, the City Council or City Manager with approval of the City Council, may reduce the appropriation for any item or items, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the cash income. The City Manager may provide for monthly or quarterly allotments of appropriations to departments, funds, or agencies under such rules as the City Manager shall prescribe.

Annual Report of Financial Results - Following the end of the budget accounting period, the City prepares (in accordance with Generally Accepted Auditing Standards) and distributes a Comprehensive Annual Financial Report (CAFR) audited by an independent accounting firm. This CAFR includes a comparison of budgeted to actual revenues and expenditures. The CAFR can be found on the City’s website using the following URL: <http://www.concordnh.gov/index.aspx?NID=948>

Year-to-Year Expense Comparison - General Fund - All fringe benefits and insurances are distributed to each operating agency in order to give a more complete picture of costs. Revenues are shown with the responsible department in order to portray what each agency generates of own-source revenues and what each agency costs in other general or tax revenues.

Long-term Financial Planning - The City Finance Department presents regular financial reports to elected officials and management staff. In addition to these reports, annually and/or as part of the budget process, the City prepares a five year General Fund operating pro forma and tax rate projection, a twenty year Capital Improvement Plan and a pro forma for each enterprise and major special revenue fund.

Also, as part of the annual budget process, the City reviews all General Fund revenues to determine budgetary needs. Enterprise and special revenue funds are reviewed for competitiveness and support of operations. Most enterprise/special revenue funds are fully self-supporting and provide administrative overhead payments to the General Fund. Exceptions are the Solid Waste Fund which received general tax base support as part of its planned operation and the Golf Fund which received general fund support for Fiscal Year 2016 operations.

## 2018 OPERATING BUDGET

### APPENDIX E

---

#### **CLASSIFICATIONS - REVENUE**

##### PROPERTY TAXES

Property Taxes

##### OTHER TAXES

Timber Tax

Payment-In-Lieu of Tax

Excavation Activity Tax

##### INTERGOVERNMENTAL

Railroad Tax

US Dep of Homeland Security/FEMA

Medicare D Reimbursement

Drug Forfeiture/Restitution

Drug Unit OT Reimbursement

Rooms and Meals Tax

Highway Block Grant

Household Waste

Share of Debt Service

Forest Loss Reimbursement

Fire Service Aid

Airport Operators Grant

School District Payments

Multiple Local Governments

##### RENTS AND LEASES

Cruiser Rental Fee

Building Lease or Rental

Facility Lease or Rental

Field Lease or Rental

Ice Rental

Land Lease or Rental

Parking Rental

#### FINES AND PENALTIES

Interest Costs and Penalties

Court Ordered Payments

Court Ordered Payments-Cemeteries

Court Ordered Payments-Legal

Non-Metered Parking Penalties

False Alarm Penalties

Fines For Overdue Books

Fines For Code Prosecution

#### LICENSES AND PERMITS

Building Permits

Electrical Permits

Mechanical Permits

Plumbing Permits

Sign Permits

Fire Protect Permits

PD Licenses and Permits

Engineering Permits

Engineering Licenses

Engineering Pole License Recording Fees

POA Inspection Fees

School Inspection Fees

Waste Haulers Permit

Food Service Licenses

Amusement Center Licenses

Rooming House Licenses

Yard Sales Permits

Taxi Cab Licenses

Peddler Licenses

Amusement Device Licenses

Billiard and Bowling Licenses

Entertainment Licenses

Convalescent Home Licenses

Recycling Center Licenses

Solicitation Licenses

Taxi Drivers Licenses

Misc Licenses & Permits

Pawnbroker/Secondhand Dealer Licenses

Dog Licenses

Marriage Licenses

## 2018 OPERATING BUDGET

### APPENDIX E

---

#### INVESTMENT INCOME

Investment Income

#### DONATIONS

Donations

Music Program Donations

Fireworks Donation

#### TRANSFER IN

Transfer In-General Fund

Transfer In-Engineering Inspections Fund

Transfer In-Parking Fund

Transfer In-Parking Fund Snow Reimbursement

Transfer In-Airport Fund

Transfer In-CD Conservation Fund

Transfer In-Impact Fee Fund

Transfer In-NEOCTIF

Transfer In-Sears Block TIF

Transfer In-Penacook TIF

Transfer In-Golf Fund

Transfer In-Arena Fund

Transfer In-Solid Waste Fund

Transfer In-Water Fund

Transfer In-Wastewater Fund

Transfer In-Trust Fund

Transfer In-Trust/Capital Reserve

Transfer In-Trust/Concord Calvary

Transfer In-Trust/Conservation

Transfer in-Trust/Durbin

Transfer In-Trust/Economic Dev

Transfer In-Trust/Flowers

Transfer In-Trust/Forest

Transfer In-Trust/General Care

Transfer In-Trust/Library

Transfer In-Trust/Self Insurance

Transfer In-Trust/Shrubs

Transfer In-Trust/Svms

#### CAPITAL CONTRIBUTIONS

Contribution In Aid

Investment Fee

#### USE OF FUND BALANCE/RETAINED EARNINGS

Budgetary Use of Fund Balance

#### MOTOR VEHICLE REGISTRATIONS

Vehicle Registrations

#### DEPARTMENT SERVICE CHARGES

Salt Sales

Street Tree Sales

Timber Sales

MV State Agent Admin

MV Transportation Admin

MV Transportation Surcharge

MV Waste Disposal

Alarm Panel Plug In/Out

Master Alarm Box Connection

Advanced Life Support Intercept

Ambulance Service Charge

Recording Fees

Application Fee

Application for Appeal

Review Fee-Site Plans

Review Fee-Subdivision

Reports, Prints and Copies

Special Fire Duty Services

Testing Services

Recreation Player Fee

Recreation Player Fee-Parks

Private Fire Service

Sundry Services

Labor Services-Water

Misc. Recollectible

Police Patrol Services

Police Witness Fees

Repairs to Customer Services

Repairs to Hydrants

Special Police Duty Services

Cross Connection

Interment

Cemetery Maintenance

Fuel Flow Mark-up

## 2018 OPERATING BUDGET

### APPENDIX E

---

#### DEPARTMENT SERVICE CHARGES (continued)

Inventory Mark-up  
Overtime & Supply Charges  
Labor Services-Wastewater  
Miscellaneous Services  
Sludge Disposal  
Non-Resident Library Fees  
Camps  
Aquatics Program  
Lighting Charge  
Motor Vehicle Waste Disposal  
Concession Income

#### WATER SALES

Commercial Sales  
Water Availability

#### WASTEWATER SALES

Sewer Service  
Sewer Service-Boscawen  
Sewer Service-Bow  
Leachate Processing  
Septage Processing

#### SW COMMERCIAL SALES

Commercial Disposal  
DTSWRD-Dwntwn Sol Waste Rem Dstr

#### SW RESIDENTIAL SALES

Contaminated Loads  
PAYT Bags  
PAYT Containers  
Cart Collection Program

#### PARKING METERED SPACES

Metered Parking  
Metered Parking-Cards

#### GOLF PERMIT AND FEES

Seasonal Passes  
Daily Fees

#### GOLF SALES

Cart Rental  
Handicapping  
Driving Range  
League & Tournament Fees  
Pro Shop Sales  
Pro Shop Sales-Rentals & Other

#### RETIREE HEALTH REIMBURSEMENT

NHRS subsidy for Retiree Health Ins  
Retiree share of Health Ins

#### PARKING PENALTIES

Metered Parking Penalties

#### OTHER REVENUE

Cable TV Franchise  
Interest Costs and Penalties  
Finance Charges  
Insurance Distributions & Credits  
Utility Demand Compensation  
Contribution-Purchase of Lots  
Contribution-Purchase of Niches  
Reimbursements  
Sale of Surplus Property  
Miscellaneous  
Advertising Revenue

## 2018 OPERATING BUDGET

### APPENDIX E

---

#### **CLASSIFICATIONS - EXPENSE**

##### COMPENSATION

Permanent Full Time  
Permanent Part Time  
Part Time  
Temporary  
Overtime  
Holiday  
Elected & Appointed Officials Comp  
Election Officials Compensation  
Car Allowance  
Computer Allowance  
Clothing Allowance  
Business Expense Allowance  
Compensation Adjustment

##### FRINGE BENEFITS

Retirement  
FICA  
Beneflex  
Health Ins-Employee & Retiree  
Worker's Compensation Insurance  
Unemployment Insurance

##### OUTSIDE SERVICES

Professional Development & Expense  
Professional Development – Tax & Assessing  
Mileage & Business Expense  
Dues & Memberships  
Building Services and Repairs  
Prof & Tech Serv  
Prof & Tech Serv – Containerized Illegal Dumping  
Prof & Tech Serv – Tax & Assessing  
Prof & Tech Serv – Legal  
Prof & Tech Serv – Personal  
Prof & Tech Serv – Commer Disposal  
Prof & Tech Serv – Dwntrwn Solid Waste  
Prof & Tech Serv – Other  
Wellflex Program Donation Expense  
Business & Tech Equip Repairs

Industrial Equipment Repairs  
Traffic Light Repairs  
Auto Repairs  
Other Repairs or Installations  
Advertising  
Rent and Op Leases-Tech Equip  
Rent and Op Leases-Land/Build  
Rent and Op Leases-Vehicles  
Special Investigation Expenses  
Special Program Services  
Communications Services  
Postal and Delivery Services  
Other Services

##### SUPPLIES

Office IT and Printed Supplies  
Photographic and ID Supplies  
Library Books and Materials  
Recreation Supplies and Equipment  
Auto Repair Parts and Supplies  
Grounds and Horticultural Supplies  
Building Maintenance & Repair Supplies  
Welding Supplies & Small Tools  
Minor Tools and Equipment  
Uniforms and Personal Equipment  
COGS (cost of goods sold)  
COGS (cost of goods sold)-Freight  
League & Tournament Expenses  
Laboratory Supplies and Equipment  
Chemicals  
Gasoline Diesel and Lubricants  
Other Supplies and Equipment  
Memorial Flowers  
Special Flowers  
Alarm System Supplies

##### UTILITIES

Electricity  
Natural Gas and Propane  
Heating Oil and Kerosene  
Steam  
Water/Wastewater

## 2018 OPERATING BUDGET

### APPENDIX E

---

#### INSURANCE

Insurance Deductible and Reserve  
Property Insurance  
Liability Insurance  
Auto Liability and Comp Insurance

#### ALLOCATED COSTS

Overhead Allocated  
Vehicle Costs Allocated (Recovered)  
Admin Expense (Recovery)

#### CAPITAL OUTLAY

Cap Outlay<\$10k-Off Bus Equip  
Cap Outlay<\$10k-Veh Equip  
Cap Outlay<= \$10k-Tech Equip  
Cap Outlay<\$10k-Other  
Capital Outlay-Comm Equip  
Capital Outlay-Automotive Equip  
Capital Outlay-Infra Impvts  
Capital Outlay-Other

#### TRANSFER OUT

Transfer Out-General Fund  
Transfer to Gen Fund Snow Removal  
Transfer Out-Parking Fund  
Transfer Out-Capital Project Fund  
Transfer Out-Capital Project Fund (Rte 3-CIP 35)  
Transfer Out-NEOCTIF Capital Fund  
Transfer Out-Sears Block TIF Capital Project Fund  
Transfer Out-Penacook TIF Capital Fund  
Transfer Out-Golf Course Fund  
Transfer Out-Golf Capital Project Fund  
Transfer Out-Arena Fund  
Transfer Out-Arena Capital Project Fund  
Transfer Out-Solid Waste Fund  
Transfer Out-Solid Waste Capital Fund  
Transfer Out-Water Capital Fund  
Transfer Out-Trust

#### DEBT SERVICE

Principal on Bonds and Notes  
Bond Costs  
Interest on Bonds and Notes

#### MISCELLANEOUS

Auto Repairs (shop charge)  
Misc. Expense  
Taxes-Real Estate  
Cable TV System  
Community Action Program  
Concord Area Transit (CAT)  
Crisis Center of Central NH  
Edna McKenna House  
Friends Program  
Holiday Celebrations  
Intown Concord  
Penacook Community Center  
SPCA  
Special Programs  
City Council Contingency  
Operational Contingency  
New American Africans  
NH Coalition to End Homelessness

#### (GAIN) LOSS ON F/A DISPOSALS

(Gain) Loss on F/A Disposals

#### (GAIN) LOSS ON REFUNDING

(Gain) Loss on Refunding

#### DEPRECIATION

Depreciation Expense



## 2018 OPERATING BUDGET

### APPENDIX E

---

#### GLOSSARY

Accrual - An accrual allows an entity to record expenses and revenues for which it expects to expend cash or receive cash, respectively, in a future reporting period.

Allocated (recovery) Costs - This cost recovery term and concept changed with the FY2016 budget. These costs are now reported as a Transfer-In from Special Revenue and/or Enterprise funds. The concept of overhead budgeting is used primarily in General Services and Community Development. It is employed as a device to spread administrative costs to operating and capital accounts in different funds to get a more accurate picture of true costs. Allocated costs can include both management and clerical salaries, as well as benefits, sick and annual leave, and insurances of all the employees who work directly on a particular service or project.

Appropriation - A legal authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and the time period in which it may be expended.

Assessed Value (Taxable) - The total taxable book value of property in the City for municipal purposes only. This is established on April 1st each year by the Concord Board of Assessors.

Balanced Budget - A balanced budget refers to a budget in which revenues are equal to expenditures.

Bond (municipal) - A municipal bond is a debt security issued by a state, municipality or county to finance its capital expenditures.

Budget - An estimation of the revenue and expenses over a specified future period of time.

CAFR (Comprehensive Annual Financial Report) - The CAFR is the industry standard financial report for local governments. The City of Concord's CAFR is recognized as meeting the highest possible level of reporting excellence and complies completely with GAAP.

Capital Budget - A plan of proposed capital outlays and projects and the means of financing them in the current twelve-month period. It is the first year of the Capital Improvement Program (CIP).

Capital Expenditure - Payments made by the City to acquire, upgrade, improve, or extend the life of long-term assets such as property, infrastructure, or equipment with a useful life of more than five years. These expenditures are not for day-to-day operations such as compensation, inventory, maintenance, and advertising.

Capital Budgeting and Accounting - Capital projects can be funded by current revenues (outlays or transfers), grants, or the issuance of bonds. Projects may be small or large, requiring a few months to several years to complete. Relatively small, possibly recurring capital outlays are most likely to be budgeted in operating funds and will appear often in operating department accounts. Unspent outlay funds at year-end typically lapse. Large, more complex, or longer term projects with multiple revenue sources (including bonds), are accounted for in separate Capital Project funds. Capital Project funds do not lapse at year-end, but must be "closed out" at project completion.

## 2018 OPERATING BUDGET

### APPENDIX E

---

Capital Improvement Program (CIP) - A plan for capital expenditures to be incurred each year over ten plus years to meet capital needs arising from the long-term work program or other needs. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the resources estimated to be available to finance the projected expenditures.

Classification (of Revenue or Expense) - A grouping of similar line items. See complete listing under Budget Summary, Classification Descriptions.

COMF (Combined Operations and Maintenance Facility) - The facility, constructed in 1990 at 311 North State Street, serves the City General Services operations and Concord School District transportation operations.

Debt Service - Principal and interest payments on bonds issued by the City to fund Capital Projects. This includes debt service on past bond issues, as well as those anticipated in the current year of the CIP.

Depreciation - A method of allocating the cost of a tangible asset over its useful life. Businesses depreciate long-term assets for both tax and accounting purposes. A decrease in value due to wear and tear, decay, decline in price, etc.

ERP (Enterprise Resource Planning System) - an organization-wide computing platform consisting primarily of financial, procurement, human resource, and budget modules, but expandable and flexible enough to eventually provide 24/7 customer self-service and other integrated components.

FTE (Full Time Equivalent) - is a unit of measure that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. An FTE of 1.0 indicates a workload 40 hours per week for 52 weeks per year or 2,080 hours annually ( $40 * 52 = 2,080$ ). For example, a person or position may be budgeted to work 20 hours per week annually, and the calculation would be:  $(20 * 52) = 1040$  hrs. and  $(1040 \div 2080) = .5$  FTE

Function – A term used to identify functional areas (e.g. General Government, Public Safety, Parking, Golf, Solid Waste, Sears Block TIF District).

Fund - A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances (and changes therein), are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The City's fund balance classifications are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).

## 2018 OPERATING BUDGET

### APPENDIX E

---

- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the City Council). A resolution, the highest level action, constitutes the most binding constraint should be considered to establish, modify, or rescind a fund balance commitment.
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. The City's fund balance policy, approved by City Council, permits the City Manager and Finance Director to assign fund balance amounts to a specific purpose. This account also includes fund balance to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

Fund Equity - Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Type - Categories into which all funds are placed. Governmental fund types include General, Special Revenue, Tax Increment Finance District (Debt Service), and Capital Project funds, whereas Proprietary fund types include Enterprise funds.

GAAP (Generally Accepted Accounting Principles) Accounting - GAAP standards are established by the Governmental Accounting Standards Board and are similar to standards set for accounting in the private sector. The City complies with this standard.

GASB (Governmental Accounting Standards Board) - A board whose mission is to establish and improve standards of state and local governmental accounting and financial reporting that results in useful information for users of financial reports.

GASB 45 - Compliance with this accounting requirement reveals the accrued liability for Other Post-Employment Benefits (OPEB) excluding pensions.

GASB 54 - Compliance with this accounting requirement created new categories of fund balance reporting to provide consistency among governmental agencies.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing uses for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Overlay and War Credits - This represents a portion of municipal taxes raised to cover the expense of tax appeals and credits against taxes due by veterans.

## 2018 OPERATING BUDGET

### APPENDIX E

---

Reserves or Assigned, Committed, Restricted or Nonspendable Fund Balance - Those portions of fund balance that are not appropriable for general expenditure or that are legally segregated for a specific future use.

Retained Earnings - An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

Service Indicators – Are used to describe activities conducted or performed by a program, department, or division. Service Indicators support quantifiable and qualifiable funding levels as indicated in the budget.

Surplus - The portion of prior year Unassigned Fund Balance that may be used to offset current year tax revenues.

Tax Anticipation Notes (TANs) - Notes (or warrants) issued in anticipation of the collection of taxes, usually retireable only from tax collections, and frequently only from the proceeds of the tax levy whose collection they anticipate.

Tax Increment Finance (TIF) District - financing of public improvements with the incremental taxes created either by new construction, expansion, or renovation of property within a defined portion of the community.

Tax Stabilization Reserve - A reserve of general fund committed fund balance on the balance sheet with Council approval. See the City's most recent Comprehensive Annual Financial Report.

Transfers In/Out – Transfers between City funds. In the General Fund, transfers-in from other funds recognize the cost of providing administrative services by the General Fund to Special Revenue and Enterprise Funds. General Services also charges administrative services to the Special Revenue and Enterprise Funds under its management control.

Trust Fund - Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

Unassigned Fund Balance - The portion of fund equity not assigned, committed, restricted for a specific purpose, or a non-spendable balance. A portion would be available for offsetting future year's expenditures. The City Council Fiscal Goals Committee has set target unassigned fund balance levels to retain for each operating fund to help ensure fiscal health.

Working Capital - A financial term that represents the operating liquidity available to a business, organizational entity, or governmental entity.

## APPENDIX E

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### STATISTICAL INFORMATION

#### Community and Economic Profile

The City of Concord is located in Merrimack County, approximately 70 miles north of Boston, Massachusetts, on the Merrimack River in South Central New Hampshire. According to the U.S. Census Bureau, the City has an estimated population of 42,620 as of July 1, 2015, a 0.18% decrease over the last official census as of April 1, 2010 number of 42,695, and occupies a land area of 64 square miles.

Concord was originally settled in 1727, incorporated in 1765, and established as the state capital in 1808. Government is by an elected 15-member council and an appointed City Manager. The City also serves as the Merrimack County seat and Federal Court seat. Two separate school districts serve the City - the Concord School District and the Merrimack Valley School District.

Policymaking and legislative authority are vested by City Charter in the 15-member Council. Under the Charter, originally adopted in 1853, and most recently amended in 2012, the appointed City Manager is solely responsible for carrying out the policies and ordinances of the City Council. The Council is elected on a non-partisan basis. Ten ward councilors, and the mayor, are elected every two years. The four remaining “at-large” councilors are elected to staggered 4-year terms, two every two years. The current mayor is former City Councilor James P. Bouley who was first elected mayor in November 2007. In November 2015 he was re-elected for his fifth consecutive term. Thomas J. Aspell, Jr., the City Manager, was appointed in April 2006. The City has had four City Managers since 1978. The City Manager, pursuant to the City Charter, has all appointive and dismissal powers for paid employees of the City. Appointive authority for boards and commissions is shared between the Mayor, City Council and City Manager.

In addition to serving as the seat of state and county government, Concord hosts several federal agencies, and is the only full-service local government between Laconia - 25 miles to the north, Manchester - 20 miles to the south, Keene - 54 miles to the west, and Portsmouth - 50 miles to the east. The City provides and annually appropriates for the following services: water treatment and supply; wastewater collection and treatment; solid waste collection and recycling; highway construction and maintenance, including snow plowing, storm sewer system and related infra-structure maintenance and construction; prosecutorial, police and fire protective services (including advanced life support); airport, parks, golf course and ice arena; library and recreational facilities and programs; human services; planning, economic and community development, and code enforcement services.

#### Local Economy

Compared to other cities in New Hampshire, New England and the Nation, Concord has comparably low unemployment. As reported by the New Hampshire Department of Employment Security, Concord’s unemployment rate as of June 2016 was 2.4%. This compares favorably to New Hampshire’s rate of 2.8% and to the United States rate of 5.1%. Concord’s rate also remains the lowest among the top three New Hampshire cities with Manchester at 3.1% and Nashua at 3.3%. Concord’s unemployment rates have remained lower than the State since 1992 except for the months of March, April and June, 2005.

## 2018 OPERATING BUDGET

### APPENDIX E

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The assessed value of taxable property as of April 1, 2015 increased overall by 2.39% compared to April 1, 2014. The cumulative total residential, manufactured homes, and condominiums increased slightly in assessed value. The average assessed value of a single family home in Concord as of April 1, 2015 was 228,355, up slightly from \$222,700 the year before.

Tax collections percentage as of June 30, 2016 for the 2015 Tax Year was 98.5%, slightly lower than the previous year. Total tax delinquencies for all years were stated at \$2.6 million, up \$0.5 million from the previous year. Vigorous collection efforts by the Tax Collector's Office have resulted in no material increases in the number of properties to which the City takes title through tax deeds. Anticipating increased delinquencies the Collector's Office initiated a significant outreach, communication and visitation program to affect this result. The City Council's Number One Fiscal Goal for cash management is directed towards a targeted property tax collection program which is aimed at maintaining high collection rates.

The City continues to work with existing businesses to maintain and increase their workforce, and has several economic development initiatives underway. During Fiscal Year 2016, the Mayor and Council issued a call to the Greater Concord Chamber of Commerce and the City's Economic Development Advisory Council to provide strategic recommendations that the City should consider to bolster economic development. The most prominent of these measures was the creation of an Economic Development Director position which was subsequently funded as part of the FY 17 budget.

In December 2014, the City approved an RSA 79-E Community Tax Relief Incentive application for renovation of the former Vegas Block, now known as the "Remi Block". The developer who acquired the property on July 22, 2014, is currently renovating the 34,000 SF building into 20 market rate apartments with ground floor commercial space. The total cost for the project is approximately 2.4 million. The project will be completed in March 2017.

Another key economic development initiative that continued during Fiscal Year 2016 was the \$14 million Downtown Complete Streets Project. The goal of this project is to make downtown a more vibrant, attractive place for economic development activity, including redevelopment of vacant upper stories and construction of market rate housing. Key features of the project include wider sidewalks, improved crosswalks, ADA improvements to 15 +/- properties, public art, as well as comprehensive street-scape improvements. The project was completed in Fall 2016.

## 2018 OPERATING BUDGET

### APPENDIX E

#### Demographics\*



Community Contact	Concord Community Development Department Carlos Baia, Deputy City Manager 41 Green Street, City Hall Concord, NH 03301
Telephone	(603) 225-8595
Fax	(603) 228-2701
E-mail	communitydevelopment@concordnh.gov
Web Site	www.concordnh.gov
Municipal Office Hours	Monday, Tuesday, Wednesday, Friday, 8 am - 4:30 pm, Thursday, 8 am - 6 pm
County	Merrimack
Labor Market Area	Concord, NH Micropolitan NECTA
Tourism Region	Merrimack Valley
Planning Commission	Central NH Regional
Regional Development	Capital Regional Development Council
Election Districts	
US Congress	District District 2 (All Wards)
Executive Council	District District 2 (All Wards)
State Senate	District District 15 (All Wards)
State Representative	Merrimack County Districts 11, 27 (Ward 1) 12, 27 (Ward 2) 13, 27 (Ward 3) 14, 27 (Ward 4) 10 (Ward 5) 15,27 (Ward 6) 16,27 (Ward 7) 17,28 (Ward 8) 18, 28 (Ward 9) 19,28 (Ward 10)

Origin: This area's first settlement in 1659 was named Penacook, for the Indian name Pannukog, meaning crooked place or bend in the river. The first land grant was in 1725, and the town was incorporated as Rumford in 1733. The name was changed to Concord in 1765 upon resolution of a bitter boundary dispute between Rumford and Bow. Its central location was the logical choice for state capital, and Concord was so named in 1808. The State House, built in 1818 and first occupied in 1819, is the oldest in continuous use in the country. In 1853, the State granted Concord a city charter. It was in Concord that the Abbotts built the famous Concord Coach, modeled after the coronation coach for King George III. Granite quarrying has been another major industry, and Concord's quarries supplied granite for the US Library of Congress. Concord was home to Franklin Pierce, 14th President of the United States, following his presidency.

## 2018 OPERATING BUDGET

### APPENDIX E

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Villages and Place Names: Concord Heights, East Concord, Penacook, Riverhill, West Concord, Curtisville, Diamond Hill

Population Trends: Concord had the tenth largest numeric change in population, totaling 13,523 over 54 years, from 28,991 in 1960 to 42,514 in 2014. The largest decennial percent change was a 22 percent increase between 1980 and 1990; all other decades increased by ten percent or less. The 2014 Census estimate for Concord was 42,514 residents, which ranked third among New Hampshire's incorporated cities and towns.

Population Density and Land Area, 2014 (US Census Bureau): 664.7 persons per square mile of land area. Concord contains 64.0 square miles of land area and 3.2 square miles of inland water area.

#### HOUSING (American Community Survey (ACS) 2010-2014)

Total Housing Units	18,272
Single-Family Units, Detached or Attached	9,154
Units in Multiple-Family Structures:	
Two to Four Units in Structure	2,946
Five or More Units in Structure	5,167
Mobile Homes and Other Housing Units	1,005

#### DEMOGRAPHICS (US Census Bureau)

<u>Total Population</u>	<u>Community</u>	<u>County</u>
2014	42,514	146,880
2010	42,695	146,445
2000	40,765	136,716
1990	36,994	120,618
1980	30,400	98,302
1970	30,022	80,925

#### DEMOGRAPHICS (ACS 2010-2014)

Population by Age Group	
Under age 5	2,294
Age 5 to 19	7,411
Age 20 to 34	9,350
Age 35 to 54	12,278
Age 55 to 64	5,327
Age 65 and over	5,854
Median Age	39.5 years



## 2018 OPERATING BUDGET

### APPENDIX E

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#### DEMOGRAPHICS (ACS 2010-2014) (continued)

##### Population by Gender

Male: 20,630  
Female: 21,844

#### LABOR FORCE (NHES - ELMI)

Annual Average	<u>2004</u>	<u>2014</u>
Civilian Labor Force	21,136	22,526
Employed	20,698	21,680
Unemployed	678	846
Unemployment Rate	3.2%	3.8%

#### EMPLOYMENT & WAGES (NHES - ELMI)

Annual Average Covered Employment	<u>2004</u>	<u>2014</u>
Goods Producing Industries		
Average Employment	2,066	1,626
Average Weekly Wage	\$806	\$1,097
Service Providing Industries		
Average Employment	26,443	27,177
Average Weekly Wage	\$677	\$891
Total Private Industry		
Average Employment	28,509	28,801
Average Weekly Wage	\$687	\$903
Government (Federal, State, and Local)		
Average Employment	11,500	10,849
Average Weekly Wage	\$739	\$1,013
Total, Private plus Government		
Average Employment	40,010	39,653
Average Weekly Wage	\$702	\$933

\*Economic & Labor Market Information Bureau, NH Employment Security, April 2017.  
<http://www.nhes.nh.gov/elmi/products/cp/profiles-htm/concord.htm>

# 2018 OPERATING BUDGET

## APPENDIX E

### PROJECTED ENDING FY18 FUND BALANCE/NET POSITION

Fund	Estimated Beginning FY18 Fund Balance/ Net Position	FY18 Budget Revenue	FY18 Budget Expense	Projected Increase/(Decrease) in Fund Balance/ Net Position	Projected Ending FY18 Fund Balance/ Net Position	% Change
General Fund	16,581,356	61,799,837	61,799,837	-	16,581,356	0%
Engineering Inspection Fund	78,898	300,750	298,340	2,410	81,308	3%
Parking Fund	29,745	1,918,854	2,101,884	(183,030)	(153,285)	-615%
Airport Fund	471,194	351,177	415,615	(64,438)	406,756	-14%
Conservation Property Management Fund	93,893	130,436	130,436	-	93,893	0%
Total Special Revenue Funds	673,730	2,701,217	2,946,275	(245,058)	428,672	-36%
Water Fund	54,689,874	5,948,960	6,239,108	(290,148)	54,399,726	-1%
Sewer Fund	50,809,055	7,453,662	7,922,057	(468,395)	50,340,660	-1%
Solid Waste Fund	711,459	4,173,350	4,139,917	33,433	744,892	5%
Non-Major	1,197,141	1,727,335	1,722,675	4,660	1,201,801	0%
Total Enterprise Funds	107,407,529	19,303,307	20,023,757	(720,450)	106,687,079	-1%
N End Opportunity Corridor TIF	1,024,495	493,156	213,480	279,676	1,304,171	27%
Sears Block TIF District	93,705	1,076,103	978,809	97,294	190,999	104%
Penacook Village TIF District	83,869	59,365	54,430	4,935	88,804	6%
Total Debt Service Funds	1,202,069	1,628,624	1,246,719	381,905	1,583,974	32%

For Budgetary Purposes Only

## 2018 OPERATING BUDGET

### APPENDIX E

#### PROJECTED ENDING FY18 FUND BALANCE/NET POSITION DESCRIPTION

##### Parking Fund

The decline in fund balance is due to increasing expenses and declining revenue. The decline in revenue is due to the loss to Transfer in from trust. The funds available from one thrust have been exhausted. Expenses continue to increase, compensation and fringe benefits increasing the most in terms of dollars. City Council and City staff have been working on a plan to increase revenue through a strategic planning process with considerable input from stakeholders. Final study results are due this summer with a phased implementation plan soon to follow. In the short run, it would appear this fund can no long be self-supporting as fund balance is anticipated to be drained thus, impacting the General fund adversely.

##### Airport Fund

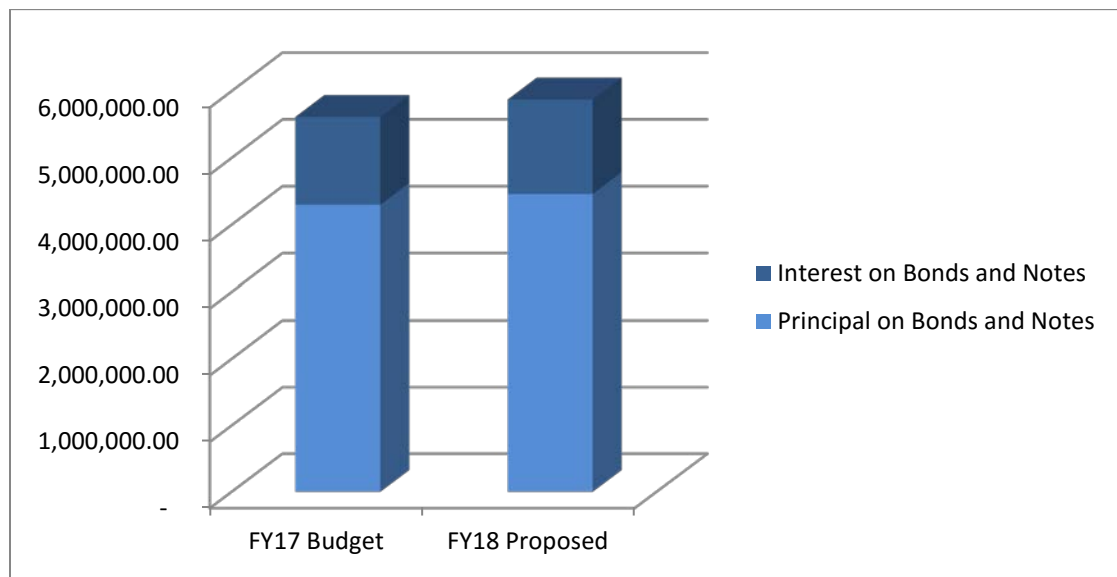
Changes in use of small general aviation airports continue to place significant pressure on this fund. Operating, maintenance, and capital needs continue to be incurred as necessitated by Federal obligations. The fund remains in a positive position although fund deficits are likely to continue until this segment of the local economy experiences long term growth.

##### Tax Increment Finance (TIF) Districts/Debt Service Funds

The three TIF districts anticipate growth in tax revenue greater than their budgeted expenses. Two of the districts North End Opportunity Corridor and Penacook Village are anticipated to retain more revenue in this budget.

#### AGGREGATED DEBT SERVICE – OTHER APPROPRIATED FUNDS

Debt Service	FY17 Budget	FY18 Proposed
Bond Costs	68,300	89,700
Interest on Bonds and Notes	1,314,660	1,412,404
Principal on Bonds and Notes	4,297,190	4,459,514
<b>Total</b>	<b>5,680,150</b>	<b>5,961,618</b>



## APPENDIX E

**Departmental Fund Relationship**

Department	Major Funds					Non-Major Funds			
	General Fund	Major Capital Projects Fund	Enterprise Funds					Special Revenue Funds	Debt Service Funds
			Water Fund	Sewer Fund	Solid Waste Fund	Arena Fund	Golf Fund		
City Manager	X	X						X	X
Legal	X								
Assessing	X								
Human Resources	X								
Finance	X	X	X	X	X	X	X	X	X
Information Technology	X	X							
City Council	X								
City Clerk	X								
General Overhead	X	X	X	X	X	X	X	X	X
Police	X	X						X	
Fire	X	X							
General Services	X	X	X	X	X	X		X	X
Community Development	X	X						X	
Library	X								
Parks & Recreation	X	X					X		
Human Services	X								