

## Appendix D

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### GOALS & POLICIES

#### Concord City Council Adopted Fiscal Goals for 2015-2016 (revised 11/9/15 – FY 2016)

##### 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 GFOA best practices where applicable.
- Goal B2 Develop annual budget document to meet the GFOA criteria for the Budget Award and, annually, apply for the GFOA Budget Award within 90 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 2019, 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, 2018, 2019, and 2020.

##### 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 no more than 10% of total appropriations.
- Goal E2 Manage debt burden to 70% payoff within 10 years.

##### 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.

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- 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, 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.

### 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.

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- 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 (FPAC) should consider whether to recommend setting a tax rate target for the upcoming fiscal year budget no later than the February FPAC Meeting.

### 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.

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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.

### 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.
  - 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.

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### 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.

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### City Charter\* (Finance items 32-43)

\*Editor's note: The City of Concord adopted a new City Charter, as herein set out, in accordance with the provisions of RSA 49-B at the State General Election on Nov. 3, 1992. The former City Charter was adopted at a Municipal Primary Election on Oct. 11, 1949, as amended. The Charter as posted includes amendments as approved at the November 6, 2001, Municipal Election as well as the November 8, 2011 Municipal Election and the January 10, 2012 Presidential Primary. Ward lines amended per City Ordinance, September 11, 2017.

State law references: See Chapter 418, Laws 1949 for Initial Council-Manager Plan.

#### 32. Fiscal Year.

The fiscal and budget year of the City shall begin on the first day of January unless another date shall be fixed by Ordinance.

#### 33. Financial Control.

The City Manager shall appoint a Finance Director, who shall be other than the Treasurer, and who shall be chosen solely on the basis of executive and administrative qualifications and actual experience in and knowledge of accepted practices in respect to the duties of municipal fiscal management, and who shall maintain accounting control over the finances of the City, make financial reports, and perform such other duties as may be required by the Administrative Code or state law. The Finance Director shall audit and approve all authorized claims against the City before paying the same.

#### 34. Budget Procedure.

At such time as may be requested by the City Manager or specified by the Administrative Code, the chief officer of each department shall submit an itemized estimate of the expenditures for the next fiscal year for the department or activities under the officer's control. The City Manager shall submit the proposed budget to the City Council at least forty-five (45) days before the start of the fiscal year of the budget. The City Council shall refer the proposed budget to the Finance Committee of the City Council for preliminary consideration. The Finance Committee is a committee of the whole City Council, presided over by the Mayor. In odd numbered years, the Finance Committee shall consist of the newly elected Mayor and City Councilors from and after the time they take the oath of office, together with Councilors whose terms in office include the ensuing fiscal year.

#### 35. Budget Hearing.

A public hearing on the budget shall be held before its final adoption by the City Council, and notice of such public hearing together with a summary of the budget as submitted shall be published at least one week in advance by the City Clerk.

#### 36. Date of Final Adoption.

The budget shall be finally adopted not later than the twenty-seventh day of the first month of the fiscal year. Should the City Council take no final action on or prior to such day, the budget, as submitted, shall be deemed to have been finally adopted by the City Council.

#### 37. Appropriations After Budget is Adopted.

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

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38. 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 relation 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.

39. Transfer of Appropriations.

After the budget has been adopted, no money shall be drawn from the treasury of the City, nor shall any obligation for the expenditure of money be incurred, except pursuant to a budget appropriation unless there shall be a specific additional appropriation therefor. The head of any department, with the approval of the City Manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within the department to another fund or agency within the department. Such transfers shall be reported to the City Council as the Council may require. The City Manager, with the approval of the City Council, may transfer any unencumbered appropriation balance or any portion thereof from one department to another.

40. Depository.

The City Council shall designate the depository or depositories for City funds, and shall provide for the daily deposit of all City monies. The City Council may provide for such security for City deposits as it may deem necessary, except that personal surety bonds shall not be deemed proper security.

41. Independent Audit.

An annual independent audit shall be made of all accounts of the City government. Such audit shall be made by certified public accountants experienced in municipal accounting. Copies or abstracts of such audits shall be made public along with an annual report of the City's business. Audit services shall be obtained through periodic competitive bidding, as specified by Ordinance. Nothing in this paragraph shall prevent the City Council from requiring such other audits as it deems necessary.

42. Official Bonds.

Any City officer or employee (other than City Councilors) may be required by the City Manager to give a bond to be approved by the City Solicitor for the faithful performance of the duties of the office, but all officers receiving or disbursing City funds shall be so bonded. All official bonds shall be corporate surety bonds, and the premiums thereon shall be paid by the City. Such bonds shall be filed with the Finance Director.

43. Borrowing Procedure.

Subject to the applicable provisions of state law and the Administrative Code, the City Council by Resolution may authorize the borrowing of money for any purpose within the scope of the powers vested in the City and the issuance of bonds of the City or other evidence of indebtedness therefor, and may pledge the full faith, credit, and resources of the City for the payment of the obligation created thereby. Borrowing for a term exceeding one year shall be authorized by the City Council only after a duly advertised public hearing.

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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.



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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.

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.

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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 through Fiscal Year 2017 for debt service.

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### 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  
Ice Rental  
Land Lease or Rental  
Parking Rental

### Fines and Penalties

Interest Costs and Penalties  
Court Ordered Payments-Parks & Rec  
Court Ordered Payments-Cemeteries  
Court Ordered Payments-Legal  
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

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Investment Income

Investment Income

Donations

Donations

Music Program Donations

Fireworks Donation

Transfer In

Transfer In-General Fund

Transfer In-Engineering Inspections

Transfer In-Parking Fund

Transfer In-Parking Fund Snow Reim

Transfer In-Airport Fund

Transfer In-CD Con Prop Mgmt 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/Durgin

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

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-Parks

Private Fire Service

Sundry Services

Labor Services-Water

Misc. Recollectible

Police Patrol Services

Police Witness Fees

Special Police Duty Services

Cross Connection

Interment

Cemetery Maintenance

Fuel Flow Mark-up

Inventory Mark-up

Overtime &amp; Supply Charges

Labor Services-Wastewater

Miscellaneous Services

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### Department Service Charges *continued*

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

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

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### 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

### Outside Services *continued*

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

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Insurance

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

Capital Outlay

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

Debt Service

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

Miscellaneous

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  
 League of NH Craftsmen

Transfer Out

Transfer Out-General Fund  
 Transfer to Gen Fund Snow Removal  
 Transfer Out-Parking Fund  
 Transfer Out-Capital Project 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

(GAIN) Loss on F/A Disposals

(Gain) Loss on F/A Disposals

(GAIN) Loss on Refunding

(Gain) Loss on Refunding

Depreciation

Depreciation Expense

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### 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.

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.

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.



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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  $(1040 / 2080) = .5$  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 undependable in the current form (i.e. inventory or prepaid items) or can never be spent (i.e. perpetual care).
- 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.

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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.

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 retirable 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.

## 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 42,904 as of July 1, 2016, a 0.49% increase 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, 2 every 2 years. The current mayor is former City Councilor James P. Bouley, who was first elected mayor in November 2007. In November 2017, he was re-elected for his sixth 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 among 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 infrastructure 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 2017 was 2.3%. This compares favorably to New Hampshire’s rate of 2.7% and to the United States rate of 4.5 %. Concord’s rate also remains the lowest among the top three New Hampshire cities with Manchester at 2.7% and Nashua at 2.9%. Concord’s unemployment rates have remained lower than the State since 1992 except for the months of March, April, and June 2005.

The assessed value of taxable property as of April 1, 2016, increased overall by 2.01% compared to April 1, 2015. The cumulative total residential, manufactured homes, and condominiums increased just over 4% in assessed value. The average assessed value of a single-family home in Concord as of April 1, 2016, was \$237,011, up slightly from \$228,355 the year before.

Tax collections percentage as of June 30, 2017, for the 2016 Tax Year was 98.9%, slightly higher than the previous year. Total tax delinquencies for all years were stated at \$2.0 million, down \$0.6 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 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.

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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 2017 budget. The City hired an Economic Development Director in May 2017 who is working to implement the City's economic development initiatives.

In May 2017, the City entered into a Purchase Option Agreement to sell 2.5 acres of the former Allied Leather Tannery site to the Caleb Development Corporation for \$540,000. Caleb plans to develop a 54-unit workforce housing project at the property. When fully completed, the project will generate \$3 million in new Assessed Value. The developer is in the process of securing permits and approvals for the project, as well as financing. Construction on Phase I of the project (34 units - \$8.6M) is scheduled for summer/fall 2018.

In October 2017, the City Council approved selling the former NH Employment Security property to Dol Soul Properties, L.L.C., for \$1.075 million. The developer plans to construct a new 120,000 SF mixed-use building featuring approximately 100 apartments and 5,000 SF of commercial space. The development is projected to generate \$12.5 million in new Assessed Value. The project is scheduled to begin in fall 2018.

Another key economic development initiative that continued during Fiscal Year 2017 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. The project is already paying dividends, as 31 new residential units in the heart of the project area are slated to start construction in December 2017. In addition, another 130 units, including the Dol Soul Project, are currently in the planning stages. Also, the City has experienced a sharp uptick in developers inquiring about potential opportunities in the downtown area.