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GOALS & POLICIES

Concord City Council Adopted Fiscal Goals for 2020

A. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

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

B. BUDGETARY AND FINANCIAL MANAGEMENT

Goal B1 Comply with Government Finance Officers Association best practices where applicable.

Goal B2 Develop annual budget document to meet the GFOA criteria for the Budget Award and annually, apply for the Government Finance Officers Association (GFOA) Budget Award within ninety days of budget adoption.

C. CAPITAL IMPROVEMENTS

Goal C1 Fund and utilize capital reserve funds when available and appropriate to help provide a stable programmed approach to funding high priority capital needs.

Goal C2 Commit 3% of General Fund Appropriations towards Capital Improvement Plan.

Goal C3 Annually, prepare a ten year Capital Improvement Plan and consider future operation and maintenance costs as part of the projection.

Goal C4: By Fiscal Year 2021, commit funds equal to 2% of the tax rate to support a neighborhood street paving, restoration and repair program. Annually these funds will be transferred to the Highway Capital Reserve trust. In order to reach the 2% goal, the final tax rate would be increased by .5% in Fiscal Years 2017 and, 2018, .25% in Fiscal Year 2019 and 2020, and .5% in Fiscal Year 2021.

D. CASH MANAGEMENT

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

E. DEBT MANAGEMENT

Goal E1 Limit General Fund debt service expenditures to between 10 and 14% of total appropriations

Goal E2 Manage debt burden to 70% payoff within 10 years

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F. EMPLOYEE COMPENSATION AND BENEFITS

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

G. ENTERPRISE, SPECIAL REVENUE AND OTHER FUNDS MANAGEMENT

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

H. FUND BALANCES

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

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I. MUNICIPAL SERVICES EXPENDITURES AND REVENUES

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

J. TAX RATE MANAGEMENT

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

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.

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III. DEFINITIONS

- A. GASB Statement No. 54 – Governmental Accounting Standards Board Statement No. 54 as it relates to governmental fund balance reporting.
- B. Fund Balance Classifications
 - 1. Non-spendable – Portion of fund balance that cannot be spent because the balance is (a) not in spendable form or (b) legally or contractually required to be maintained intact (example: inventory or permanent funds).
 - 2. Restricted – Constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws/regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (example: debt covenants or grant funds).
 - 3. Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Concord City Council). These funds cannot be used for any other purposes unless the same authority removes or changes the specified use by a similar action. The action to commit or remove/change the specific purpose should occur prior to the end of the reporting period, but any amount subject to the constraint may be determined in the subsequent period.
 - 4. Assigned – Amounts that are constrained with the intent to use for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself, (b) a committee, budget or finance, or (c) an official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
 - 5. Unassigned – This is the residual classification for the General Fund. This represents amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund should be the only fund that reports a positive unassigned fund balance.

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.

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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.

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.