



FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE  
Council Chambers, Keene City Hall  
July 23, 2026  
6:00 PM

**A. AGENDA ITEMS**

1. 79-E 112 Washington St: Waiving City's Claim Against Proceeds from Casualty and Flood Insurance
2. 79-E 34 Court LLC: Waiving City's Claim Against Proceeds from Casualty and Flood Insurance
3. Request to Carry Forward Fiscal Year 2026 Personnel Funds for City Clerk's Office Renovations - Deputy City Clerk and Assistant Clerk
4. Relating to Fiscal Policies  
Resolution R-2026-34
5. Relating to the Appropriation of Wastewater Treatment Plant Capital Reserve Funds to the Wastewater Treatment Plant HVAC Replacement Project  
Resolution R-2026-36

**B. MORE TIME ITEMS**

**NON PUBLIC SESSION**

**ADJOURNMENT**



## CITY OF KEENE NEW HAMPSHIRE

ITEM #A.1.

**Meeting Date:** July 23, 2026

**To:** Finance, Organization and Personnel Committee

**From:** Daniel Langille, City Assessor  
Amanda Palmeira, City Attorney

**Through:** Elizabeth Ferland, City Manager

**Subject:** **79-E 112 Washington St: Waiving City's Claim Against Proceeds from Casualty and Flood Insurance**

---

**Recommendation:**

Move that the Finance, Organization and Personnel Committee recommend that the City Council recommend that the City Council forgo the right to include a lien against proceeds from casualty and flood insurance in the covenant to be recorded for the 79-E Community Revitalization Tax Relief previously granted to 112 Washington LLC.

**Attachments:**

None

**Background:**

The property at 112 Washington Street is an inn known as the Burrell House. On January 20, 2022, the City Council voted in favor of community revitalization tax relief for the renovation of the Carriage House. During the review of the application, the governing body did not make a determination on whether the covenant recorded on the property for the tax relief would include a lien on the property that would direct any proceeds from casualty and flood insurance on the property to the City for the purpose of restoring or demolishing damaged structures. In the past, the City has included that lien in recorded 79-E covenants and the subject property owner has been forced to return to City Council to seek subrogation of that lien when they sought additional financing. In order to avoid that obstacle for this property owner, it is recommended that the City Council forgo including that lien in the covenant to be recorded. Under RSA 79-E:8, whether to include that lien or not is in the sole discretion of the City Council.



## CITY OF KEENE NEW HAMPSHIRE

ITEM #A.2.

**Meeting Date:** July 23, 2026

**To:** Finance, Organization and Personnel Committee

**From:** Daniel Langille, City Assessor  
Amanda Palmeira, City Attorney

**Through:** Elizabeth Ferland, City Manager

**Subject:** **79-E 34 Court LLC: Waiving City's Claim Against Proceeds from Casualty and Flood Insurance**

---

**Recommendation:**

Move that the Finance, Organization and Personnel Committee recommend that the City Council recommend that the City Council forgo the right to include a lien against proceeds from casualty and flood insurance in the covenant to be recorded for the 79-E Community Revitalization Tax Relief previously granted to 34 Court LLC.

**Attachments:**

None

**Background:**

34 Court Street is a historic church building with office space located on the first floor and plans to renovate the second floor into Platz Beer Garden. On June 5, 2025, the City Council voted in favor of community revitalization tax relief for the renovation of the second floor. During the review of the application, the governing body did not make a determination on whether the covenant recorded on the property for the tax relief would include a lien on the property that would direct any proceeds from casualty and flood insurance on the property to the City for the purpose of restoring or demolishing damaged structures. In the past, the City has included that lien in recorded 79-E covenants and the subject property owner has been forced to return to City Council to seek subrogation of that lien when they sought additional financing. In order to avoid that obstacle for this property owner, it is recommended that the City Council forgo including that lien in the covenant to be recorded. Under RSA 79-E:8, whether to include that lien or not is in the sole discretion of the City Council.



## CITY OF KEENE NEW HAMPSHIRE

ITEM #A.3.

**Meeting Date:** July 23, 2026

**To:** Finance, Organization and Personnel Committee

**From:** Terri Hood, City Clerk

**Through:**

**Subject:** Request to Carry Forward Fiscal Year 2026 Personnel Funds for City Clerk's Office Renovations - Deputy City Clerk and Assistant Clerk

---

**Recommendation:**

Move that the Finance, Organization and Personnel Committee recommend that the City Council authorize the City Clerk to carry forward \$22,000 in unexpended Fiscal Year 2026 personnel appropriations and repurpose those funds to augment the City Hall Structural Repairs Capital Improvement Project for City Clerk's Office renovations that address accessibility, customer service, operational efficiency, and security concerns.

**Attachments:**

None

**Background:**

As part of the planned structural repairs to City Hall, the City Clerk's Office will be required to temporarily relocate for an estimated three to four months while repairs to the rear wall and associated construction activities are completed. The scope of work will affect nearly every area of the office, including the public lobby, election room, workspaces, storage areas, and customer service counter.

Although this temporary relocation will present operational challenges for both staff and the public, it also provides a unique opportunity to make strategic improvements to the office while the space is already under construction. Once the office has been vacated and construction activities have exposed flooring, ceilings, and portions of the existing layout, improvements to the functional space can be completed more efficiently and cost-effectively than would be possible otherwise.

The City Clerk's Office serves thousands of residents each year by administering elections, maintaining public records, issuing licenses and permits, preserving vital records, and performing numerous statutory and customer service functions. As the responsibilities of the office have evolved, the physical configuration of the workspace has remained largely unchanged. This project presents an opportunity to better align the office with current operational needs while enhancing accessibility, customer service, security, and employee safety.

This request proposes to carry forward \$22,000 in unexpended Fiscal Year 2026 personnel funds and repurpose those funds to augment the existing Capital Improvement Project and provide these necessary office upgrades. Repurposing these funds to improve a space that is already undergoing major construction ensures the City realizes the greatest long-term benefit from the unavoidable disruption associated with the City Hall Structural Repairs project.



# CITY OF KEENE

In the Year of Our Lord Two Thousand and

Twenty Six

---

## A RESOLUTION Relating to FISCAL POLICIES

---

***Resolved by the City Council of the City of Keene, as follows:***

***Resolved by the City Council of the City of Keene, as follows:***

WHEREAS: the National Advisory Council on State and Local Budgeting (NACSLB) has developed a comprehensive set of recommended practices on budgeting; and

WHEREAS: one key component of those recommended practices calls for the adoption of fiscal policies by the local legislative body to help frame resource allocation decisions; and

WHEREAS: the Government Finance Officers' Association (GFOA) has endorsed the recommended practice developed by the NACSLB; and

WHEREAS: it is the intent of the City Council, by this resolution, to articulate this financial blueprint as clearly and completely as possible; and

WHEREAS: The City Manager is hereby granted the authority to appoint a designee to temporarily perform the duties and responsibilities of the City Manager in his or her absence; and

WHEREAS: The City Manager will in writing inform the City Council of the temporary appointment including name and dates of appointment; and

WHEREAS: The Deputy City Manager designated by the City Manager shall be vested with all of the powers, rights, duties and responsibilities imposed upon the City Manager by the Charter, State Statute, the City Budget, or by any city ordinance, resolution, agreement, document or other authority; and

NOW, THEREFORE, BE IT RESOLVED that the fiscal policy should be reviewed and adopted by the City Council on an annual basis effective July 1, superseding any prior fiscal policies; and

NOW, THEREFORE, BE IT FURTHER RESOLVED by the City Council of the City of Keene that its fiscal policies are as follows:

## PART 1 – Budgetary Policies

Strategic Governance links both operational and capital budgets to long term goals established by the City's Master Plan and prioritized through the City Council goal's process. Departments prepare budgets with proposed strategies to advance the goals of the Master Plan along with three to five Council priorities which have been stated as outcome focused goals. Budget strategies may involve multiple years of investment above and beyond the City's base budget. This budget strategy is a hybrid of the priority based and the more traditional base budgeting approach. Priority based budgeting helps the city work towards its high level goals and ensures budget dollars are tied to community and council priorities and desired outcomes. The base budgeting approach separates budget items which are supplemental requests from those that are included in the base budget. The base budget is the amount required to maintain the current level of services.

### I. Budget

#### A. The City shall annually adopt and appropriate budgets for the following funds

1. General Fund
2. Parking Fund
3. PC Replacement Fund
4. Solid Waste Fund
5. Sewer Fund
6. Water Fund
7. Equipment Fund
8. Compensated Absences Fund

#### B. All appropriated budgets shall be balanced.

#### C. All appropriations for annual operating budgets (exclusive of capital projects) shall lapse at fiscal year-end unless encumbered by a City of Keene purchase order that is recorded in the financial system on or before June 30th of any year, or as authorized by the City Manager in writing, on a case-by-case basis. Those encumbrances shall be reported to the City Council in an informational memorandum by the first week of October each year.

#### D. All departments are authorized to vary actual departmental spending from line item estimates provided the total departmental budget is not exceeded within each fund; provided, however, that any item specifically eliminated by the City Council during budget approval cannot be purchased from another line item without City Council approval.

#### E. ~~Outside-Social Service~~ Agencies seeking funding from the City shall complete an application substantiating their request, the necessity of the services provided, and financial impact on the City if services were not provided. All applicants shall meet eligibility criteria set by the City and eligible applications shall be reviewed by a committee consisting of at least 2 City Councilors, and representation from Human Services, Finance, ~~Community Development~~, and Police Departments.

The committee shall put forth a list of ~~Outside-Social Service~~ Agencies to the City Manager with recommended funding to be included in the budget.

- F. Any unexpended funds in a personnel line related to a vacancy cannot be expended without prior approval from the City Manager and the City Council unless funds are being expended to fill a vacancy, recruiting, or to employ temporary help including professional and contract services. Payments for contracted professional services rendered by temporary employment agencies shall be accounted for from the operating budget of the department. The corresponding budgetary funding shall remain within the personnel budget to ensure proper financial management and transparency.
- G. It is the City's policy to permit employees to accumulate earned and unused leave. The City shall maintain an amount equivalent to the total of the earned and unused leave at the close of each fiscal year in a Compensated Absence Fund. All vested earned leave is accrued when incurred and paid to the employee upon separation of employment as specified in the City's then current Employee Handbook and/or current Collective Bargaining Agreements, from the Compensated Absence Fund.
- H. A periodic budget status report for each fund will be provided to the City Council.
- I. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- J. The budget will take into consideration the City's Policies on unassigned Fund Balance projected at the end of June.
- K. The City of Keene will contain its General Fund debt service, on a five (5) year average, at or less than twelve percent (12%) of the General Fund operating budget.
- L. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
- M. Property Taxes
  - 1. The City shall limit its property tax revenue increases to a rolling three (3) year average of the Northeast Region ~~New England~~ Consumer Price Index (CPI), as published by U.S. Bureau of Labor Statistics, net of expenditures required by Federal law, State Statute, and debt service payments and capital leases. The Consumer Price Index (CPI) is used to align property tax increases with the overall inflation experienced by its citizens. The objective is to keep the cost of City services as a stable percentage of a taxpayer's overall expenses. The ~~CPI of the~~ Northeast



Region CPI measures the changes in prices of all goods and services purchased by households in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont, that accurately reflects inflation in the City's region and is reported monthly.

2. Property Tax Credits and Exemptions

All exemptions and credits will be reviewed with the City Council at least every five (5) years in conjunction with the City revaluation unless there are legislative changes that cause a review to occur on a more frequent basis.

3. The State has chosen to solve its revenue problem by downshifting expenses to the local communities and tapping into the broad based property tax at the local level. Downshifting is an effective strategy for the State; however, it is unsustainable at the local level and would quickly lead to a significant reduction in City services. The City is sensitive to these added expenses to the taxpayers and will attempt to limit the impact; however, as a State expense, the City will pass through the State downshifting to the taxpayers.

II. Capital Improvement Program

- A. The City of Keene shall prepare a capital improvement program (CIP) with a span of seven (7) years.
- B. The CIP shall be prepared biannually with a review each year during the operating budget cycle.
- C. All capital projects or equipment purchases that have an estimated cost of at least \$50,000 and an estimated useful life of at least five years will be included in the capital improvement program (CIP) planning process. These projects may include capital asset preservation projects (designed to preserve the functionality and condition of major infrastructure systems and City facilities) with an estimated cost of at least \$50,000 and which increases the useful life of the asset by at least five years.
- D. The CIP shall include all expenditure and funding activity anticipated from any capital reserve fund, including those activities less than \$50,000.
- E. The CIP shall contain revenue projections and rate impacts that support estimated operating costs as well as the proposed capital program. Expenditures included in each year of the CIP (operations, debt service and capital) will be equal to estimated revenue available to finance proposed activity in each year of the CIP. Cost and revenue estimates in projected years will be presented for planning

purposes, and are based upon the then current best available information.

F. City departments will prepare project funding requests for capital projects as instructed by the City Manager.

G. CIP Funding Methodology

1. Whenever possible, CIP projects will be funded with available resources, examples of which are current revenues, grants, donations, and reserves, but not debt.
2. Appropriate uses of debt include projects such as:
  - a. One-time nonrecurring investments (e.g. the construction of a new asset, or the expansion or adaptation of an existing asset) to provide added service delivery capacity or to meet changing community needs.
  - b. Projects necessary due to regulatory requirements (e.g. water treatment plant expansion due to EPA permit changes) when resources other than debt are not available.
  - c. Projects necessary due to asset or system operational failure or obsolescence when resources other than debt are not available.

H. The CIP shall be reviewed by the Finance, Organization and Personnel Committee and the Planning Board.

I. The CIP will be the subject of a public hearing before adoption.

J. The adopted Capital Improvement Program provides a starting point for inclusion in the City Manager's annual Operating Budget preparation. funding requests in the first year of the adopted CIP will be included in the next annual budget document. The City Manager after review will include the second year funding request in the subsequent budget document.

K. Upon project closeout-completion, any residual funds shall be returned to the fund that provided the original appropriation unless otherwise directed by the City Council.

L. Project Transfer Requests

1. Memorandums shall be presented to City Council for transfer request approval by majority vote for projects:
  - a. Within the same fund and
  - b. Not funded with bond proceeds/debt and/or
  - c. Have prior authorization to expend capital reserve funds and is within the purpose of the capital reserve.

2. Resolutions shall be presented to City Council for transfer request adoption by 2/3 majority vote for projects:
  - a. Within the same fund and
  - b. Funded with bond/debt proceeds and/or
  - c. Funded with a new capital reserve appropriation.

## **PART 2 – Financial Policies**

### **I. Fund Structure**

- A. All funds are intended to be self-supporting, with no subsidies from one fund to another required for operations or capital outlay.
- B. The City will continue to conduct its financial activities through the use of the following funds:

#### **1. Governmental Funds**

- a. General Fund – shall be used to account for those governmental activities that are not recorded in one of the other City Funds.
- b. Special Revenue Funds - shall be used to account for funds that must be used for a specific purpose.
  - i. Special Revenue Fund – shall be used for those activities that are funded in part or in whole by contributions from other entities.
  - ii. Parking Fund – shall be used to account for the operations, maintenance and capital outlay needs of the municipal parking areas.
  - iii. Solid Waste Fund – shall be used to account for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.
  - iv. Compensated Absences Fund – shall be used to recognize, measure and disclose requirements for compensated absences. A liability for compensated absences is recognized for unused leave and leave that has been used but not yet paid or settled in accordance with GASB 101.

#### **c. Capital Funds**

- i. Capital Project Fund – shall be used to account for the capital projects funded by any of the governmental funds excluding the Sewer Fund and the Water Fund.
- ii. Sewer Capital Project Fund – shall be used to account for the capital projects funded by the Sewer Fund.

- iii. Water Capital Project Fund – shall be used to account for the capital projects funded by the Water Fund.
- iv. Equipment Capital Project Fund – shall be used to account for the capital projects/assets funded by the Equipment Fund.

## 2. Proprietary Funds

### a. Enterprise Funds

- i. Sewer Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the sewer collection and treatment systems.
- ii. Water Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the water treatment and distribution systems.

## 3. Internal Service Funds

- a. PC Replacement Fund – shall be used to account for the on-going replacement of PC's, peripherals, and related software utilized by all City departments.
- b. Equipment Fund - shall be used to account for the operations, maintenance, and capital outlay needs of fleet services.

## II. Revenues

### A. One-Time Revenues

One-time revenues will only be applied toward one-time expenditures; they will not be used to finance on-going programs or services. On-going revenues should be equal to, or greater than, on-going expenditures.

### B. Diversity

The City will diversify its revenues by maximizing the use of non- property tax revenues such as payments in lieu of taxes, and user fees and charges.

### C. Designation of Revenues

- 1. Each year, the City shall designate and set aside up to \$25,000 for conservation purposes, funded through the allocation of the Land Use Change Tax (LUCT). If ~~the prior years' annual~~ LUCT revenues are less than \$25,000, ~~only the amount actually received shall be designated. the General Fund will provide the difference from general revenues to ensure an annual contribution of \$25,000.~~ Additionally, in the years when the LUCT revenues exceed \$25,000, fifty percent (50%) of the amount over \$25,000 will be designated for conservation purposes, with

~~the total annual designation not to exceed \$100,000.~~ Expenditure of funds to be made upon approval of the City Council. Balance of said sum not to exceed \$500,000.

2. Direct reimbursements from other entities shall be used to offset the appropriate City expense.
3. Except for the provisions stated above, or as provided otherwise by Federal, State law, or by local Code of Ordinances, no unanticipated revenues shall be designated for a specific purpose(s) unless accepted and directed by the City Council.

### III. Fees and Charges

A. Certain services provided by the City of Keene will be assigned a fee or charge for the users of the service, dependent upon how the community benefits from the provision of those services.

1. In the case of general governmental services (such as fire protection, law enforcement, or general street maintenance) there will be no user fee or charge assessed.
2. In the event that the service benefits a finite and definable sector of the community, then that group will be assessed a fee or charge for provision of the service.

B. Cost Recovery Standard for Fees and Charges

Cost recovery should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and when permitted organization-wide support costs (e.g. accounting, human resources, data processing, insurance, vehicle maintenance, and regulatory and enforcement costs).

C. Exceptions to Cost Recovery Standard for Fees and Charges

1. Fees and Charges may be set at something less than full cost recovery when:
  - a. A high level of cost recovery will negatively impact the delivery of service to low-income groups.
  - b. Collecting the fees and charges is not cost effective.
  - c. There is no intended relationship between the amount paid and the benefit received (e.g. social service programs).
  - d. There is no intent to limit the use of the service (e.g. access to parks and playgrounds).

- e. Collecting the fees would discourage compliance with regulatory requirements and adherence to said requirements is self-identified, and as such, failure to comply would not be readily detected by the City of Keene.
- 2. Fees and Charges will be set at, or above, full cost recovery when:
  - a. The service is also provided, or could be provided, by the private sector.
  - b. The use of the service is discouraged (e.g. fire or police responses to false alarms).
  - c. The service is regulatory in nature and voluntary compliance is not expected (e.g. building permits, plans review, subdivisions).
  - d. When the fee or charge for the use of City property or resources is incurred by a commercial entity.
- 3. Ambulance
  - a. Service fees shall be set consistent with the maximum allowed according to current New Hampshire state law regarding ambulance billing rates and limits. ~~at two hundred fifty percent (250%) above the Medicare-determined usual and customary charge.~~
  - b. A fee will be implemented for those instances when responses that involve the use of drugs or specialized services are provided but there is no transport.
  - c. There will be no charge for responses determined by the Fire Department to be “public assists.”
- D. The method of assessing and collecting fees should be made as simple as possible in order to reduce the administrative and support costs of collection.
- E. The City will periodically utilize the services of a collection agency when all other reasonable efforts to collect fees and fines have been exhausted; fees for such services to be paid from amounts collected.
- F. Rate structures should be sensitive to the market price for comparable services in the private sector or other public sector entities.
- G. Fees and charges shall be adopted by the City Council when required.
- H. Fees and charges shall be reviewed annually as part of the Operating Budget process in accordance with a schedule developed by the City Manager that has each fee reviewed biannually. Recommended changes will be reviewed and approved by the City Council when required.

#### IV. Bonded Debt

- A. The City of Keene will periodically incur debt to finance capital projects. All issuances of debt are subject to State of New Hampshire Statutes, including but not limited to RSA 33, 33B, 34, and 162K.
- B. Debt may be issued to fund projects with a public purpose of a lasting nature or as otherwise allowed by State law.
- C. Debt will not be issued to provide for the payment of expenses for current maintenance and operation except as otherwise provided by law.
- D. The City of Keene shall not incur debt that exceeds any limits set by State law.
- E. All bonds shall be authorized by resolution of the City Council and require a two-thirds (2/3) vote.
- F. The City of Keene may use the services of bond counsel and a financial advisor, if required, to assist in preparing for and executing the sale of bonds.
- G. The City of Keene issues bonds including but not limited to:
  - 1. General Obligation Bonds – repayment is backed by the full taxing power of the City of Keene.
  - 2. Tax Increment Financing Bonds – repayment is first backed by the revenue stream generated by increased revenues created within an established Tax Increment Financing District. To the extent that the increased revenues created within the district are not adequate, the repayment of the bonds would then be backed by the full taxing power of the City of Keene.
  - 3. Refunding Bonds – these bonds are issued to refinance outstanding bonds before their term in order to either remove restrictions on the original bonds and/or to take advantage of lower interest rates. Repayment is backed by the full taxing power of the City of Keene.
- H. Competitive sale or New Hampshire Municipal Bond Bank are the preferred methods of sale; however, negotiated sales may occur for a current or advance refunding, or for other appropriate reasons.
- I. Term
  - 1. Debt will be incurred only for projects with a useful life of at least seven (7) years.

2. The term of any debt incurred by the City shall be limited to no greater than the expected useful life of the improvement or capital asset.

## V. Other Sources

- A. To the extent they are available, the City of Keene will consider on a case-by-case basis, the use of other financing mechanisms including but not limited to:
  1. Capital leases.
  2. State programs (e.g. State Revolving Fund Loan programs).
- B. To the extent they are available, the City of Keene will actively pursue other funding sources including but not limited to:
  1. Grants that reduce the City's initial investment in project/improvement.
  2. Grants that contribute to the on-going debt service for city project(s).
  3. Other financing tools such as tax credits that leverage the City's initial investment in a project.
  4. Public-private partnerships.
  5. Unanticipated revenues. These sources will be evaluated for placement and designated as committed fund balance for advancing budgetary policies related to bonded debt, capital outlay or property taxes.

## VI. Asset Management Programs

- A. The City may develop, implement, and refine asset management programs (defined as an integrated business approach involving planning, engineering, finance, facilities management, utilities, technology and operations to effectively manage existing and new facilities and infrastructure to maximize benefits, manage cost, reduce risk, and provide satisfactory levels of service to community users in a socially, environmentally, and economically sustainable manner). The asset management should contain at least the following elements:
  1. Periodic inventories and assessment of the physical condition of City capital assets and infrastructure.
  2. Establishment of condition and functional standards for various types of asset.
  3. Criteria to evaluate infrastructure and facility assets and set priorities.



4. Financing policies to maintain a condition assessment system(s) and promote sufficient funding for capital asset preservation, repair, and maintenance.
5. Monitoring and development of periodic plain language status reports on the various components of the City's capital assets and infrastructure.

## VII. Fund Balance Classification Policies and Procedures

### A. Fund Balance

Fund balance represents the difference between current assets and liabilities and shall be comprised of non-spendable, restricted, committed, assigned, and unassigned amounts defined as follows:

1. Non-spendable fund balance - includes amounts that are not in spendable form such as inventory or prepaid expenses or are required to be maintained intact such as perpetual care or the principal of an endowment fund.
2. Restricted fund balance - includes amounts that can only be spent for specific purposes stipulated by external resource providers such as grantors or, as in the case of special revenue funds, as established through enabling legislation.
3. Committed fund balance - includes amounts that can be reported and expended as a result of motions passed by the highest decision making authority - the City Council.
4. Assigned fund balance - includes amounts to be used for specific purposes including encumbrances and authorized carry forwards or fund balance to be used in the subsequent fiscal year.
5. Unassigned fund balance - includes amounts that are not obligated or specifically designated, and is available in future periods.

### B. Spending Prioritization

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

### C. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either

through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations, or other governments. All other net assets are reported as unrestricted.

## VIII. Stabilization Funds

### A. Unassigned Fund Balance

That portion of available funds within each fund that can be used to offset emergency expenditures, a downturn in collection of significant revenues, or other unforeseen events.

1. Unassigned fund balance for the General Fund will be maintained at an amount between seven percent (7%) and seventeen percent (17%) of the sum of the total of the General Fund annual operating budget and the property tax commitment for the school (both local and State) and the county.
2. Unrestricted fund balance, excluding capital reserves, for the enterprise funds should be maintained at an amount between the equivalent of 180 days to 365 days of the annual operating budget for that fund.
3. Unassigned/unrestricted fund balance for all remaining budgeted funds should be maintained at ~~amounts sufficient to provide for estimated expenditures, an amount between seven percent (7%) and seventeen percent (17%) of the annual operating budget for that fund.~~

### ~~B. Self-Funded Health Insurance~~

~~The City shall retain funds for its self-funded health insurance program. The intended purposes for these funds are to provide a measure to smooth rate fluctuations, to accommodate an unforeseen increase in claims, and to provide financial protection from run-out costs in the event the City moves toward a fully insured plan. The amount retained shall not exceed three (3) months of estimated claim costs.~~

### ~~C. B.~~ Capital Reserves

The City utilizes capital reserves, classified as committed funds, established under State of New Hampshire law, and invested by the Trustees of Trust Funds, for several purposes that include the construction, reconstruction, or acquisition of a specific capital improvement, or the acquisition of a specific item or of specific items of equipment, or other purposes identified in NH RSA 34, relating to Capital Reserve Funds for Cities.

### ~~D. C.~~ Expendable Trust Funds

The City Council may create and fund through annual operating budget appropriations, various expendable trust funds as it deems necessary for the maintenance and operation of the City; and any other public purpose that is not

foreign to the City's institution or incompatible with the objects of its organization. The trust funds will be administered by the Trustees of the Trust Funds.

E.D. Revolving Funds

The City Council may authorize the establishment and use of revolving funds as it deems necessary. The purpose of the funds and source of revenues will be determined at the time of creation. Monies in the revolving fund shall be allowed to accumulate from year to year and shall not be considered a part of the City's general surplus.

IX. Deposits of Funds in Custody of City Treasurer

A. Objectives (in priority order):

1. Safety – the safety of principal is the foremost objective.
2. Liquidity – investments shall remain sufficiently liquid to meet the operational cash needs of the City of Keene.
3. Yield – taking into account the priority objectives of safety of principal and liquidity, a market rate of return.

B. Authorized Investments

1. US Treasury obligations.
2. US government agency and instrumentality obligations.
3. Repurchase agreements with New Hampshire Banks acting as principal or agent, collateralized by US Treasury/Agency obligations.
4. Certificates of Deposits in New Hampshire Banks (collateralized).
5. New Hampshire Public Deposit Investment Pool.
6. Certificate of Deposit Account Registry Service (CDARS).

---

Jay V. Kahn, Mayor

Consumer Price Indexes – Annually (May)  
0

|                                       | <u>Northeast Region</u><br>(May) | <u>NE New England</u><br>(May) | <i>Boston-Cambridge</i><br>(May) |
|---------------------------------------|----------------------------------|--------------------------------|----------------------------------|
| 2017                                  | 1.70                             | n/a                            | 2.90                             |
| 2018                                  | 1.70                             | 2.20                           | 3.20                             |
| 2019                                  | 1.50                             | 1.90                           | 2.30                             |
| 2020                                  | 0.60                             | -0.10                          | -1.00                            |
| 2021                                  | 3.90                             | 3.60                           | 3.20                             |
| 2022                                  | 7.50                             | 7.90                           | 7.50                             |
| 2023                                  | 3.10                             | 3.60                           | 3.60                             |
| 2024                                  | 3.90                             | 3.80                           | 4.00                             |
| 2025                                  | 2.40                             | 2.80                           | 3.00                             |
| 2026                                  | 5.00                             | 4.60                           | 3.20                             |
| Ten year Average %                    | 3.13                             | n/a                            | 3.19                             |
| Nine Year Average %                   | 3.29                             | 3.37                           | 3.22                             |
| 3 year Average                        | 4.83                             |                                | 5.03                             |
| 5 year Average                        | 3.80                             |                                | 3.46                             |
| 7 year Average                        | 3.17                             |                                | 3.26                             |
| Five Year Average %                   | 4.38                             | 4.54                           | 4.26                             |
| <b>3 year Average (Fiscal Policy)</b> | 3.77                             | 3.73                           | 3.40                             |

\*NOTE: Social Security adjust issued in October – 9 months ago  
2026 is an estimate from Senior Citizens League (July 2026)

*FYI - Background*

| <i><u>CITY COLA</u></i><br><i><u>PAB (July)</u></i> | <i><u>Social</u></i><br><i><u>Security</u></i><br><i><u>(October)*</u></i> |
|-----------------------------------------------------|----------------------------------------------------------------------------|
| <i>2. 00</i>                                        | <i>2. 00</i>                                                               |
| <i>2. 25</i>                                        | <i>2. 80</i>                                                               |
| <i>2. 50</i>                                        | <i>1. 60</i>                                                               |
| <i>2. 50</i>                                        | <i>1. 30</i>                                                               |
| <i>2. 00</i>                                        | <i>5. 90</i>                                                               |
| <i>2. 00</i>                                        | <i>8. 70</i>                                                               |
| <i>3. 00</i>                                        | <i>3. 20</i>                                                               |
| <i>3. 00</i>                                        | <i>2. 50</i>                                                               |
| <i>3. 00</i>                                        | <i>3. 50</i>                                                               |
| <i>3. 00</i>                                        | <i>3. 80</i>                                                               |
| <i>2. 53</i>                                        | <i>3. 53</i>                                                               |
| <i>2. 58</i>                                        | <i>3. 92</i>                                                               |
| <i>2. 67</i>                                        | <i>4. 80</i>                                                               |
| <i>2. 50</i>                                        | <i>4. 32</i>                                                               |
| <i>2. 46</i>                                        | <i>3. 71</i>                                                               |
| <i>2. 60</i>                                        | <i>4. 76</i>                                                               |
| <i>3. 00</i>                                        | <i>3. 07</i>                                                               |



# CITY OF KEENE

In the Year of Our Lord Two Thousand and

Twenty Six

---

## A RESOLUTION Relating to FISCAL POLICIES

---

### ***Resolved by the City Council of the City of Keene, as follows:***

WHEREAS: the National Advisory Council on State and Local Budgeting (NACSLB) has developed a comprehensive set of recommended practices on budgeting; and

WHEREAS: one key component of those recommended practices calls for the adoption of fiscal policies by the local legislative body to help frame resource allocation decisions; and

WHEREAS: the Government Finance Officers' Association (GFOA) has endorsed the recommended practice developed by the NACSLB; and

WHEREAS: it is the intent of the City Council, by this resolution, to articulate this financial blueprint as clearly and completely as possible; and

WHEREAS: The City Manager is hereby granted the authority to appoint a designee to temporarily perform the duties and responsibilities of the City Manager in his or her absence; and

WHEREAS: The City Manager will in writing inform the City Council of the temporary appointment including name and dates of appointment; and

WHEREAS: The Deputy City Manager designated by the City Manager shall be vested with all of the powers, rights, duties and responsibilities imposed upon the City Manager by the Charter, State Statute, the City Budget, or by any city ordinance, resolution, agreement, document or other authority; and

NOW, THEREFORE, BE IT RESOLVED that the fiscal policy should be reviewed and adopted by the City Council on an annual basis effective July 1, superseding any prior fiscal policies; and

NOW, THEREFORE, BE IT FURTHER RESOLVED by the City Council of the City of Keene that its fiscal policies are as follows:

## PART 1 – Budgetary Policies

Strategic Governance links both operational and capital budgets to long term goals established by the City's Master Plan and prioritized through the City Council goal's process. Departments prepare budgets with proposed strategies to advance the goals of the Master Plan along with three to five Council priorities which have been stated as outcome focused goals. Budget strategies may involve multiple years of investment above and beyond the City's base budget. This budget strategy is a hybrid of the priority based and the more traditional base budgeting approach. Priority based budgeting helps the city work towards its high level goals and ensures budget dollars are tied to community and council priorities and desired outcomes. The base budgeting approach separates budget items which are supplemental requests from those that are included in the base budget. The base budget is the amount required to maintain the current level of services.

### I. Budget

A. The City shall annually adopt and appropriate budgets for the following funds

1. General Fund
2. Parking Fund
3. PC Replacement Fund
4. Solid Waste Fund
5. Sewer Fund
6. Water Fund
7. Equipment Fund
8. Compensated Absences Fund

B. All appropriated budgets shall be balanced.

C. All appropriations for annual operating budgets (exclusive of capital projects) shall lapse at fiscal year-end unless encumbered by a City of Keene purchase order that is recorded in the financial system on or before June 30th of any year, or as authorized by the City Manager in writing, on a case-by-case basis. Those encumbrances shall be reported to the City Council in an informational memorandum by the first week of October each year.

D. All departments are authorized to vary actual departmental spending from line item estimates provided the total departmental budget is not exceeded within each fund; provided, however, that any item specifically eliminated by the City Council during budget approval cannot be purchased from another line item without City Council approval.

E. ~~Outside Social Service~~ Agencies seeking funding from the City shall complete an application substantiating their request, the necessity of the services provided, and financial impact on the City if services were not provided. All applicants shall meet eligibility criteria set by the City and eligible applications shall be reviewed by a committee consisting of at least 2 City Councilors, and representation from Human Services, Finance, ~~Community Development~~, and Police Departments.

The committee shall put forth a list of ~~Outside-Social Service~~ Agencies to the City Manager with recommended funding to be included in the budget.

- F. Any unexpended funds in a personnel line related to a vacancy cannot be expended without prior approval from the City Manager and the City Council unless funds are being expended to fill a vacancy, recruiting, or to employ temporary help including professional and contract services. Payments for contracted professional services rendered by temporary employment agencies shall be accounted for from the operating budget of the department. The corresponding budgetary funding shall remain within the personnel budget to ensure proper financial management and transparency.
- G. It is the City's policy to permit employees to accumulate earned and unused leave. The City shall maintain an amount equivalent to the total of the earned and unused leave at the close of each fiscal year in a Compensated Absence Fund. All vested earned leave is accrued when incurred and paid to the employee upon separation of employment as specified in the City's then current Employee Handbook and/or current Collective Bargaining Agreements, from the Compensated Absence Fund.
- H. A periodic budget status report for each fund will be provided to the City Council.
- I. The budget document shall provide multi-year projections of revenues and expenditures/expenses including property taxes and utility (water and sewer) rates.
- J. The budget will take into consideration the City's Policies on unassigned Fund Balance projected at the end of June.
- K. The City of Keene will contain its General Fund debt service, on a five (5) year average, at or less than twelve percent (12%) of the General Fund operating budget.
- L. Upon completion of any project, any residual funds shall be returned to the fund that provided the original appropriation.
- M. Property Taxes
  - 1. The City shall limit its property tax revenue increases to a rolling three (3) year average of the Northeast Region ~~New England~~ Consumer Price Index (CPI), as published by U.S. Bureau of Labor Statistics, net of expenditures required by Federal law, State Statute, and debt service payments and capital leases. The Consumer Price Index (CPI) is used to align property tax increases with the overall inflation experienced by its citizens. The objective is to keep the cost of City services as a stable percentage of a taxpayer's overall expenses. The ~~CPI of the~~ Northeast



Region CPI measures the changes in prices of all goods and services purchased by households in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont, that accurately reflects inflation in the City's region and is reported monthly.

2. Property Tax Credits and Exemptions

All exemptions and credits will be reviewed with the City Council at least every five (5) years in conjunction with the City revaluation unless there are legislative changes that cause a review to occur on a more frequent basis.

3. The State has chosen to solve its revenue problem by downshifting expenses to the local communities and tapping into the broad based property tax at the local level. Downshifting is an effective strategy for the State; however, it is unsustainable at the local level and would quickly lead to a significant reduction in City services. The City is sensitive to these added expenses to the taxpayers and will attempt to limit the impact; however, as a State expense, the City will pass through the State downshifting to the taxpayers.

## II. Capital Improvement Program

- A. The City of Keene shall prepare a capital improvement program (CIP) with a span of seven (7) years.
- B. The CIP shall be prepared biannually with a review each year during the operating budget cycle.
- C. All capital projects or equipment purchases that have an estimated cost of at least \$50,000 and an estimated useful life of at least five years will be included in the capital improvement program (CIP) planning process. These projects may include capital asset preservation projects (designed to preserve the functionality and condition of major infrastructure systems and City facilities) with an estimated cost of at least \$50,000 and which increases the useful life of the asset by at least five years.
- D. The CIP shall include all expenditure and funding activity anticipated from any capital reserve fund, including those activities less than \$50,000.
- E. The CIP shall contain revenue projections and rate impacts that support estimated operating costs as well as the proposed capital program. Expenditures included in each year of the CIP (operations, debt service and capital) will be equal to estimated revenue available to finance proposed activity in each year of the CIP. Cost and revenue estimates in projected years will be presented for planning

purposes, and are based upon the then current best available information.

F. City departments will prepare project funding requests for capital projects as instructed by the City Manager.

G. CIP Funding Methodology

1. Whenever possible, CIP projects will be funded with available resources, examples of which are current revenues, grants, donations, and reserves, but not debt.
2. Appropriate uses of debt include projects such as:
  - a. One-time nonrecurring investments (e.g. the construction of a new asset, or the expansion or adaptation of an existing asset) to provide added service delivery capacity or to meet changing community needs.
  - b. Projects necessary due to regulatory requirements (e.g. water treatment plant expansion due to EPA permit changes) when resources other than debt are not available.
  - c. Projects necessary due to asset or system operational failure or obsolescence when resources other than debt are not available.

H. The CIP shall be reviewed by the Finance, Organization and Personnel Committee and the Planning Board.

I. The CIP will be the subject of a public hearing before adoption.

J. The adopted Capital Improvement Program provides a starting point for inclusion in the City Manager's annual Operating Budget preparation. funding requests in the first year of the adopted CIP will be included in the next annual budget document. The City Manager after review will include the second year funding request in the subsequent budget document.

K. Upon project closeout-completion, any residual funds shall be returned to the fund that provided the original appropriation unless otherwise directed by the City Council.

L. Project Transfer Requests

1. Memorandums shall be presented to City Council for transfer request approval by majority vote for projects:
  - a. Within the same fund and
  - b. Not funded with bond proceeds/debt and/or
  - c. Have prior authorization to expend capital reserve funds and is within the purpose of the capital reserve.

2. Resolutions shall be presented to City Council for transfer request adoption by 2/3 majority vote for projects:
  - a. Within the same fund and
  - b. Funded with bond/debt proceeds and/or
  - c. Funded with a new capital reserve appropriation.

## **PART 2 – Financial Policies**

### **I. Fund Structure**

- A. All funds are intended to be self-supporting, with no subsidies from one fund to another required for operations or capital outlay.
- B. The City will continue to conduct its financial activities through the use of the following funds:

#### **1. Governmental Funds**

- a. General Fund – shall be used to account for those governmental activities that are not recorded in one of the other City Funds.
- b. Special Revenue Funds - shall be used to account for funds that must be used for a specific purpose.
  - i. Special Revenue Fund – shall be used for those activities that are funded in part or in whole by contributions from other entities.
  - ii. Parking Fund – shall be used to account for the operations, maintenance and capital outlay needs of the municipal parking areas.
  - iii. Solid Waste Fund – shall be used to account for the activities of the transfer and recycling operations and for post-closure costs associated with the landfill.
  - iv. Compensated Absences Fund – shall be used to recognize, measure and disclose requirements for compensated absences. A liability for compensated absences is recognized for unused leave and leave that has been used but not yet paid or settled in accordance with GASB 101.

#### **c. Capital Funds**

- i. Capital Project Fund – shall be used to account for the capital projects funded by any of the governmental funds excluding the Sewer Fund and the Water Fund.
- ii. Sewer Capital Project Fund – shall be used to account for the capital projects funded by the Sewer Fund.

- iii. Water Capital Project Fund – shall be used to account for the capital projects funded by the Water Fund.
- iv. Equipment Capital Project Fund – shall be used to account for the capital projects/assets funded by the Equipment Fund.

## 2. Proprietary Funds

### a. Enterprise Funds

- i. Sewer Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the sewer collection and treatment systems.
- ii. Water Fund – shall be used to account for the operations, maintenance, and capital outlay needs of the water treatment and distribution systems.

## 3. Internal Service Funds

- a. PC Replacement Fund – shall be used to account for the on-going replacement of PC's, peripherals, and related software utilized by all City departments.
- b. Equipment Fund - shall be used to account for the operations, maintenance, and capital outlay needs of fleet services.

## II. Revenues

### A. One-Time Revenues

One-time revenues will only be applied toward one-time expenditures; they will not be used to finance on-going programs or services. On-going revenues should be equal to, or greater than, on-going expenditures.

### B. Diversity

The City will diversify its revenues by maximizing the use of non- property tax revenues such as payments in lieu of taxes, and user fees and charges.

### C. Designation of Revenues

1. Each year, the City shall designate and set aside up to \$25,000 for conservation purposes from Land Use Change Tax (LUCT) revenues, funded through the allocation of the Land Use Change Tax (LUCT). If the prior years' annual LUCT revenues are less than \$25,000, only the amount actually received shall be designated, unless the balance of the Conservation Fund is less than \$100,000, in which case the General Fund shall provide the difference necessary to achieve the \$25,000 annual designation. When annual LUCT revenues exceed \$25,000, an

additional amount equal to fifty percent (50%) of the LUCT revenues in excess of \$25,000 shall also be designated for conservation purposes. Expenditures from the fund shall require City Council approval. The balance of the Conservation Fund shall not exceed \$500,000; the General Fund will provide the difference from general revenues to ensure an annual contribution of \$25,000. Additionally, in the years when the LUCT revenues exceed \$25,000, fifty percent (50%) of the amount over \$25,000 will be designated for conservation purposes, with the total annual designation not to exceed \$100,000. Expenditure of funds to be made upon approval of the City Council. Balance of said sum not to exceed \$500,000.

2. Direct reimbursements from other entities shall be used to offset the appropriate City expense.
3. Except for the provisions stated above, or as provided otherwise by Federal, State law, or by local Code of Ordinances, no unanticipated revenues shall be designated for a specific purpose(s) unless accepted and directed by the City Council.

### III. Fees and Charges

A. Certain services provided by the City of Keene will be assigned a fee or charge for the users of the service, dependent upon how the community benefits from the provision of those services.

1. In the case of general governmental services (such as fire protection, law enforcement, or general street maintenance) there will be no user fee or charge assessed.
2. In the event that the service benefits a finite and definable sector of the community, then that group will be assessed a fee or charge for provision of the service.

#### B. Cost Recovery Standard for Fees and Charges

Cost recovery should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and when permitted organization-wide support costs (e.g. accounting, human resources, data processing, insurance, vehicle maintenance, and regulatory and enforcement costs).

#### C. Exceptions to Cost Recovery Standard for Fees and Charges

1. Fees and Charges may be set at something less than full cost recovery when:

- a. A high level of cost recovery will negatively impact the delivery of service to low-income groups.
  - b. Collecting the fees and charges is not cost effective.
  - c. There is no intended relationship between the amount paid and the benefit received (e.g. social service programs).
  - d. There is no intent to limit the use of the service (e.g. access to parks and playgrounds).
  - e. Collecting the fees would discourage compliance with regulatory requirements and adherence to said requirements is self-identified, and as such, failure to comply would not be readily detected by the City of Keene.
- 2. Fees and Charges will be set at, or above, full cost recovery when:
  - a. The service is also provided, or could be provided, by the private sector.
  - b. The use of the service is discouraged (e.g. fire or police responses to false alarms).
  - c. The service is regulatory in nature and voluntary compliance is not expected (e.g. building permits, plans review, subdivisions).
  - d. When the fee or charge for the use of City property or resources is incurred by a commercial entity.
- 3. Ambulance
  - a. Service fees shall be set consistent with the maximum allowed according to current New Hampshire state law regarding ambulance billing rates and limits. ~~at two hundred fifty percent (250%) above the Medicare-determined usual and customary charge.~~
  - b. A fee will be implemented for those instances when responses that involve the use of drugs or specialized services are provided but there is no transport.
  - c. There will be no charge for responses determined by the Fire Department to be “public assists.”
- D. The method of assessing and collecting fees should be made as simple as possible in order to reduce the administrative and support costs of collection.
- E. The City will periodically utilize the services of a collection agency when all other reasonable efforts to collect fees and fines have been exhausted; fees for such services to be paid from amounts collected.
- F. Rate structures should be sensitive to the market price for comparable services in the private sector or other public sector entities.
- G. Fees and charges shall be adopted by the City Council when required.

- H. Fees and charges shall be reviewed annually as part of the Operating Budget process, in accordance with a schedule developed by the City Manager that has each fee reviewed biannually. Recommended changes will be reviewed and approved by the City Council when required.

#### IV. Bonded Debt

- A. The City of Keene will periodically incur debt to finance capital projects. All issuances of debt are subject to State of New Hampshire Statutes, including but not limited to RSA 33, 33B, 34, and 162K.
- B. Debt may be issued to fund projects with a public purpose of a lasting nature or as otherwise allowed by State law.
- C. Debt will not be issued to provide for the payment of expenses for current maintenance and operation except as otherwise provided by law.
- D. The City of Keene shall not incur debt that exceeds any limits set by State law.
- E. All bonds shall be authorized by resolution of the City Council and require a two-thirds (2/3) vote.
- F. The City of Keene may use the services of bond counsel and a financial advisor, if required, to assist in preparing for and executing the sale of bonds.
- G. The City of Keene issues bonds including but not limited to:
1. General Obligation Bonds – repayment is backed by the full taxing power of the City of Keene.
  2. Tax Increment Financing Bonds – repayment is first backed by the revenue stream generated by increased revenues created within an established Tax Increment Financing District. To the extent that the increased revenues created within the district are not adequate, the repayment of the bonds would then be backed by the full taxing power of the City of Keene.
  3. Refunding Bonds – these bonds are issued to refinance outstanding bonds before their term in order to either remove restrictions on the original bonds and/or to take advantage of lower interest rates. Repayment is backed by the full taxing power of the City of Keene.
- H. Competitive sale or New Hampshire Municipal Bond Bank are the preferred methods of sale; however, negotiated sales may occur for a current or advance refunding, or for other appropriate reasons.

I. Term

1. Debt will be incurred only for projects with a useful life of at least seven (7) years.
2. The term of any debt incurred by the City shall be limited to no greater than the expected useful life of the improvement or capital asset.

V. Other Sources

- A. To the extent they are available, the City of Keene will consider on a case-by-case basis, the use of other financing mechanisms including but not limited to:
  1. Capital leases.
  2. State programs (e.g. State Revolving Fund Loan programs).
- B. To the extent they are available, the City of Keene will actively pursue other funding sources including but not limited to:
  1. Grants that reduce the City's initial investment in project/improvement.
  2. Grants that contribute to the on-going debt service for city project(s).
  3. Other financing tools such as tax credits that leverage the City's initial investment in a project.
  4. Public-private partnerships.
  5. Unanticipated revenues. These sources will be evaluated for placement and designated as committed fund balance for advancing budgetary policies related to bonded debt, capital outlay or property taxes.

VI. Asset Management Programs

- A. The City may develop, implement, and refine asset management programs (defined as an integrated business approach involving planning, engineering, finance, facilities management, utilities, technology and operations to effectively manage existing and new facilities and infrastructure to maximize benefits, manage cost, reduce risk, and provide satisfactory levels of service to community users in a socially, environmentally, and economically sustainable manner). The asset management should contain at least the following elements:
  1. Periodic inventories and assessment of the physical condition of City capital assets and infrastructure.



2. Establishment of condition and functional standards for various types of asset.
3. Criteria to evaluate infrastructure and facility assets and set priorities.
4. Financing policies to maintain a condition assessment system(s) and promote sufficient funding for capital asset preservation, repair, and maintenance.
5. Monitoring and development of periodic plain language status reports on the various components of the City's capital assets and infrastructure.

## VII. Fund Balance Classification Policies and Procedures

### A. Fund Balance

Fund balance represents the difference between current assets and liabilities and shall be comprised of non-spendable, restricted, committed, assigned, and unassigned amounts defined as follows:

1. Non-spendable fund balance - includes amounts that are not in spendable form such as inventory or prepaid expenses or are required to be maintained intact such as perpetual care or the principal of an endowment fund.
2. Restricted fund balance - includes amounts that can only be spent for specific purposes stipulated by external resource providers such as grantors or, as in the case of special revenue funds, as established through enabling legislation.
3. Committed fund balance - includes amounts that can be reported and expended as a result of motions passed by the highest decision making authority - the City Council.
4. Assigned fund balance - includes amounts to be used for specific purposes including encumbrances and authorized carry forwards or fund balance to be used in the subsequent fiscal year.
5. Unassigned fund balance - includes amounts that are not obligated or specifically designated, and is available in future periods.

### B. Spending Prioritization

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

C. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations, or other governments. All other net assets are reported as unrestricted.

VIII. Stabilization Funds

A. Unassigned Fund Balance

That portion of available funds within each fund that can be used to offset emergency expenditures, a downturn in collection of significant revenues, or other unforeseen events.

1. Unassigned fund balance for the General Fund will be maintained at an amount between seven percent (7%) and seventeen percent (17%) of the sum of the total of the General Fund annual operating budget and the property tax commitment for the school (both local and State) and the county.
2. Unrestricted fund balance, excluding capital reserves, for the enterprise funds should be maintained at an amount between the equivalent of 180 days to 365 days of the annual operating budget for that fund.
3. Unassigned/unrestricted fund balance for all remaining budgeted funds should be maintained at amounts sufficient to provide for estimated expenditures, an amount between seven percent (7%) and seventeen percent (17%) of the annual operating budget for that fund.

Self-Funded Health Insurance

The City shall retain funds for its self-funded health insurance program. The intended purposes for these funds are to provide a measure to smooth rate fluctuations, to accommodate an unforeseen increase in claims, and to provide financial protection from run-out costs in the event the City moves toward a fully insured plan. The amount retained shall not exceed three (3) months of estimated claim costs.

B. Capital Reserves

The City utilizes capital reserves, classified as committed funds, established under State of New Hampshire law, and invested by the Trustees of Trust Funds, for several purposes that include the construction, reconstruction, or acquisition of a specific capital improvement, or the acquisition of a specific item or of specific items of equipment, or other purposes identified in NH RSA 34, relating to

Capital Reserve Funds for Cities.

C. Expendable Trust Funds

The City Council may create and fund through annual operating budget appropriations, various expendable trust funds as it deems necessary for the maintenance and operation of the City; and any other public purpose that is not foreign to the City's institution or incompatible with the objects of its organization. The trust funds will be administered by the Trustees of the Trust Funds.

D. Revolving Funds

The City Council may authorize the establishment and use of revolving funds as it deems necessary. The purpose of the funds and source of revenues will be determined at the time of creation. Monies in the revolving fund shall be allowed to accumulate from year to year and shall not be considered a part of the City's general surplus.

IX. Deposits of Funds in Custody of City Treasurer

A. Objectives (in priority order):

1. Safety – the safety of principal is the foremost objective.
2. Liquidity – investments shall remain sufficiently liquid to meet the operational cash needs of the City of Keene.
3. Yield – taking into account the priority objectives of safety of principal and liquidity, a market rate of return.

B. Authorized Investments

1. US Treasury obligations.
2. US government agency and instrumentality obligations.
3. Repurchase agreements with New Hampshire Banks acting as principal or agent, collateralized by US Treasury/Agency obligations.
4. Certificates of Deposits in New Hampshire Banks (collateralized).
5. New Hampshire Public Deposit Investment Pool.
6. Certificate of Deposit Account Registry Service (CDARS).

---

Jay V. Kahn, Mayor



# CITY OF KEENE

In the Year of Our Lord Two Thousand and Twenty Six

A RESOLUTION Relating to the Appropriation of Wastewater Treatment Plant Capital Reserve Funds to the Wastewater Treatment Plant HVAC Replacement Project

***Resolved by the City Council of the City of Keene, as follows:***

That the sum of \$32,000 from the Wastewater Treatment Plant Capital Reserve Fund be appropriated to the Wastewater Treatment Plant HVAC Replacement Project (32JW004A).

\_\_\_\_\_  
Jay V. Kahn, Mayor

In City July 16, 2026.  
Referred to the Finance,  
Organization and Personnel  
Committee.

  
City Clerk