

## MINUTES

Fiscal Policy Advisory Committee  
December 18, 2014 / 4:30-6:00 PM  
Second Floor Conference Room

**In Attendance:** Chairman – Allen Bennett; Mayor Bouley; City Councilors – Candace CW Bouchard, Mark Coen, Jan McClure; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director; Rebekah Dougherty, Budget Analyst; Kathryn Temchack, Director of Real Estate Assessments; Jennifer Johnston, Human Resources Director; Chip Chesley, Director of General Services; Guests – Scott McIntire, Melanson Heath & Company, PC; and Margaret Duprey, Melanson Heath & Company, PC.

**Excused:** City Councilors – Amanda Grady Sexton, Fred Keach and Dan St. Hilaire.

- 1) **Approval of October 16, 2014 Meeting Minutes:** Chairman Bennett called the meeting to order at 4:32 PM and requested a motion to approve the minutes of the October 16, 2014 meeting. **Councilor Bouchard moved to accept the minutes, seconded by Councilor Coen. The minutes were unanimously approved.**
- 2) **FY14 Audit Results Presentation by Melanson Heath & Co., PC** – Deputy City Manager LeBrun introduced Scott McIntire from Melanson Heath and Co. to present the FY 2014 Consolidated Annual Financial Report (CAFR). Mr. McIntire introduced his associate, Margaret Duprey, and discussed the audit report specifically mentioning the following items:
  - a. Audit – The actual audit went very well and there were no significant problems or audit entries. The audit was completed one month earlier than last year.
  - b. Opinion – This audit provides a clean opinion and is in accordance with Generally Accepted Auditing Standards.
  - c. OPEB – This is the only significant actuarial estimate in the FY14 CAFR.
  - d. The CAFR reports the City’s finances in two ways, short term and long term perspectives.
  - e. Fund Balance – Mr. McIntire stated that, as of June 30, 2014, the City’s unassigned fund balance was 19.3% of expenses, a very strong level.
  - f. Operating loss – Mr. McIntire identified that City General Fund revenues fell short of expenses and was a direct net result of the following: the use of \$1 million of assigned fund balance to transfer funds to overlay; an additional transfer to overlay at year end for \$1.1 million; and a partial offset by a one-time receipt of \$1.5 million from the Concord Regional Co-op as distribution of reserves.
  - g. GASB 68 – For the end of Fiscal Year 2015, the City will be required to report on Concord’s portion of the NHRS unfunded retirement liability. They are currently working with the AICPA to develop standards for reporting of state retirement system unfunded liabilities so that communities like Concord can continue to receive clean audit opinions.

- h. Management letter – Mr. McIntire discussed the large number of abatements that the City has been dealing with and the need for a regular update to management from the Assessing Department. Assessing will report to management on the status of abatement cases at the end of each quarter. He also discussed the cash receipting issues and how the City will be responding to them during FY15 through departmental training by the Collection’s Office and periodic monitoring by the Accounting Office.

The committee discussed the reporting of abatements status on a quarterly basis. Mayor Bouley asked if this was an item that really needed to be in the management letter. City Manager Aspell asked Director Temchack when the Superior Court updated her on the status of appeals filed with the court. She responded that this was the first year that she had received an update from them and that it was received in the middle of September. Deputy City Manager LeBrun commented that the report status was always changing based on settlements and resolutions to cases, and that the status report from the Assessing Department would include all cases filed in previous years that are still pending, not just the most recent tax year.

Councilor McClure requested clarification on the comment in the management letter regarding prior year issues. Mr. McIntire responded that some City departments had issues regarding cash receipting and that the comment was made to address the ongoing concern. He also indicated that Concord, like most other communities, can improve cash receipting practices.

Deputy City Manager LeBrun complimented all City employees for their help with the audit, especially Assistant Finance Director Katie Graff and her staff, for doing a very thorough job on the audit preparation. As an added note, LeBrun acknowledged that, due to the good work of the Accounting Office and everyone involved, the audit was completed one month earlier than in previous years and the auditor’s meeting with FPAC this year was held in December instead of January or February.

- 3) Revisions to City supplement policy for Worker’s Compensation and Disability –** Human Resources Director Jennifer Johnston made a presentation and distributed a draft report on reducing the City’s supplemental contribution to employees that are out of work due to worker’s comp injuries or disability. As discussed, City Administration is looking at all avenues for ways to cut expenses and this report provides one opportunity.

The committee requested the following additional information before considering the proposal again:

- 1) A five year trend on the cost of the supplemental;
- 2) More justification for the indirect costs;
- 3) What other communities are providing; and
- 4) What private companies are providing.

No action was taken by FPAC on this report.

**4) Paving Plan Presentation** – City Manager Aspell presented the financial portion of the paving plan, as requested by City Council during the FY15 budget deliberations. The presentation showed road improvements and paving funding since 2003, with the peak funding in 2005, and the lowest point in 2009. There has been a gradual increase in road improvements since 2009, peaking in 2014, and paving only increasing slightly to the current \$1.3m annual funding level. The new plan calls for:

- a. Using increased Highway Block Grant funding from the gas tax increase for paving; approximately \$100,000 annually.
- b. Increasing the contribution to the highway reserve from the water and sewer funds to pre-2009 levels.
- c. Increasing the tax rate by one half percent each year, from Fiscal Year 2017 through 2023, with a total of 4% of the tax rate each year to be dedicated for paving.
- d. A catch-up bond of \$4 million in the 2016/17 Fiscal Years.
- e. Funding paving programs at approximately \$2.6 million (annual average) through Fiscal Year 2023.

The above items would provide for \$23 million total in paving through Fiscal Year 2023.

The following questions and responses were made:

- a) What are the major arteries that still need to be completed?
  - a. Final section of Langley Parkway North
  - b. Storrs Street North to Commercial Street
  - c. Storrs Street South to Gulf Street
- b) How many neighborhood roads would be repaved or fully rebuilt?
  - a. More roads would need to be rebuilt than repaved.
- c) City Manager Aspell will provide a more detailed plan at the February out-year discussion with the City Council.

**5) Non public RSA91-A:2,I (a) –No non-public session.**

**6) Adjournment – A motion was made by Councilor Coen to adjourn, seconded by Councilor Bouchard, and a unanimous vote brought the meeting to an end at 6:10 PM.**

Respectfully submitted,

Brian LeBrun  
Deputy City Manager – Finance