

## DRAFT MINUTES

Fiscal Policy Advisory Committee  
December 19, 2016 / 4:30-6:00 PM  
2<sup>nd</sup> Floor Conference Room/City Hall

**In Attendance:** Chairman Keith Nyhan; City Councilors – Amanda Grady-Sexton, Candace White-Bouchard, Mark Coen, Dan St. Hilaire and Mayor James Bouley; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Carlos Baia, Deputy City Manager-Development; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director; Rebekah Dougherty, Budget Analyst.

**Excused:** Councilor Fred Keach.

- 1) **Approval of November 21, 2016 Meeting Minutes:** Chairman Nyhan called the meeting to order at 4:34 PM and requested a motion to approve the minutes of the November 21, 2016 meeting. **Councilor St. Hilaire moved to accept the minutes, seconded by Councilor Coen. The minutes were unanimously approved.**
  
- 2) **Presentation of CAFR by City's Auditor:** Scott McIntire from Melanson Heath & Co. presented the City's Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR) to the committee. He stated that the City completed the year very positively and with no disagreements in its reporting or processes. He spoke about the Long Term portion of the statements (Government Wide) and the Short Term Statements (Budgetary).

He noted a few General Fund items of particular interest in the CAFR:

- a) Page 27 - General Fund, from a long term perspective, the unrestricted net position is negative \$38.1 million. It is negative due to the inclusion of the net pension liability for NHRS of \$49.9 million and was first included in these statements in 2015. This net pension liability is up approximately \$2.5 million from 2015 due to market returns this past year. This negative net position is much like many municipalities in New Hampshire and across the country.
- b) Page 30 - The City's total fund balance includes the committed fund balance and capital reserves of \$4.1 million and is up about \$800,000 over 2015. The unassigned fund balance is \$10,735,579 or 19.5% of operating expenditures.
- c) Page 32 – due to the consolidation of the General Fund and Capital Reserves, the net change in total Fund Balance is \$1.39 million and is a significant increase over the prior year.
- d) Page 34 – the focus on this page is the variance of actual vs. final operating budget. Total revenues are greater than budget by \$547,149, and expenses are less than budget by \$1,354,121. The budgetary results are a gain of \$1.9 million, less the use of fund balance of \$1.26 million, resulting in a surplus of slightly less than \$550,000. A very positive result considering the City Council has had 8 balanced budgets in a row and the use of fund balance was only from surplus to transfer to reserves.

- e) Page 75 - City's Other Post-Employment Benefits (OPEB) liability for June 30, 2016 is \$34,195,948 or \$11,341,461 less than June 30, 2015. This is a direct result of the changes that were made to the City's Medicare Enhanced benefit splitting the insurance and drug benefit costs to two separate plans.

City Manager Aspell indicated that the decrease in the OPEB liability was due to the decision of City Council to change the Medicare plan and split out the drug and insurance benefits to two plans in FY 2017.

Mr. McIntire also discussed the Management letter:

- a) He provided an update on last year's issue to Formalize Controls over Information Technology and noted that the City has taken significant steps to formalize and finalize policies and procedures surrounding information technology during FY 2017.
- b) He discussed the current year's issue to prepare to implement GASB 75 for OPEB and noted that the City has already discussed with FPAC and has started to work with its actuary for a July 1, 2017 implementation. The City will be reporting the full OPEB liability on its 2017 CAFR.

Councilor Coen asked if the less than stellar investment results of the retirement funds were due to decisions made by the City's Finance Department. Mr. McIntire responded that all NHRS investment decisions were the responsibility of the retirement system and that the City is only responsible for recording the liability that is attributable to Concord on its financial statements.

### **3) Other:**

- a) Deputy City Manager LeBrun informed the committee that the City had its rating call with Standard and Poor's today to discuss the upcoming bond issue. The call went very well and they expect to have the draft rating report to the City to review for accuracy by the end of this week. They mentioned the visit to S&P a couple of different times during the call.
- b) Councilor Coen presented copies of his personal tax bill and asked why the real amount of the tax owed is not listed on the bill. He indicated that when he went to the Assessing Department's tax calculator, he received a different result than what is printed on the bill and that his increase from the 2015 to 2016 tax year was about \$600 and not \$800. Deputy City Manager LeBrun indicated that the amount listed on the Annual Tax row is the total amount owed for the year and the remaining two payments are simply the total amounts owed less the estimates paid in July and October. He also stated that it did not make sense that the Assessing tax calculator was producing a different result, and that he would look into it and get back to Councilor Coen.
- c) The Committee also asked about having something in the tax bills that would explain how the tax bill works, or change the tax bill to more clearly show the amount owed. Deputy City Manager LeBrun indicated that the information on the tax bill is very specific and that we are very limited in what we can include on the bill and in the mailing. He will review and bring back some options at a future FPAC meeting.

- 4) **Adjournment:** A motion was made by Councilor Bouchard to adjourn, seconded by Councilor Coen. A unanimous vote brought the meeting to an end at 5:25 PM.

Respectfully submitted,

Brian LeBrun  
Deputy City Manager – Finance

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