DRAFT MINUTES

Fiscal Policy Advisory Committee
September 17, 2015 / 4:30-6:00 PM
Second Floor Conference Room

In Attendance: Chairman – Allen Bennett; City Councilors – Mark Coen, Candace Bouchard, Fred Keach, Dan St.Hilaire, Jan McClure; City Staff – Tom Aspell, City Manager; Carlos Baia, Deputy City Manager-Development; Brian LeBrun, Deputy City Manager-Finance; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director; Rebekah Dougherty, Budget Analyst; and Danielle Pacik, Deputy City Solicitor.

Excused: Councilor Amanda Grady Sexton.

1) **Approval of March 19, 2015 Meeting Minutes:** Chairman Bennett called the meeting to order at 4:35 PM and requested a motion to approve the minutes of the March 19, 2015 meeting. **Councilor Bouchard moved to accept the minutes, seconded by Councilor Coen. The minutes were unanimously approved.**

2) **FY15 Year-end Preliminary Financial Statements** – Deputy City Manager LeBrun noted that the preliminary FY15 surplus is $504,600. Revenues exceeded budget by $158,700, and after accounting for the use of fund balance and expenses, we are under budget by $345,900. Although preliminary, these are still favorable results. A list of the results by revenue that varied budget by $20,000 or more were presented in the report along with the expenditures by category.

   The committee commented about the excess revenue in the Advanced Life Support line and wanted to know if the average age of the patients calling for ambulance services has increased over past years. City Manager Aspell and Deputy City Manager LeBrun did not have the information available at the meeting and will find out what information is available and respond to the committee.

   Deputy City Manager LeBrun stated that the results of the Enterprise and Special Revenue funds were also listed and reported actual compared to budget and the amount over or under budget. Both the Airport and Golf funds reported results that were less favorable than budget.

   Deputy City Manager LeBrun informed the committee that the results reported at this meeting were pre audit and that any adjustments during the audit would change the results. The two main items that may impact the final financial statements are: 1) an additional allocation may be necessary as a transfer to overlay to support anticipated abatements, and 2) any GASB 68 adjustments to Enterprise funds.

3) **Fiscal Goals and Fund Balance Revisions** – Deputy City Manager LeBrun presented the 2015 – 2016 proposed revisions to the Fiscal Goals and Fund Balance Policy. Some of the revisions are material and some are grammatical in nature. There are four significant

proposed changes to the Fiscal Goals. Current Goal A1 would be eliminated, Goal C2 would be added regarding GFOA criteria for the Budget Award, Goal D4 would be revised to reflect the City Manager's fund plan and tax rate impact for paving, Goal J6 regarding development of endowments would be eliminated, and Goal K2 regarding tax rate target would be eliminated, since the City Manager has been charged with bringing in a responsible budget for the past several years as opposed to a specific target rate.

Councilor McClure commented that Goal K2 should remain and be re-worded to reflect providing FPAC with the option each year to establish a tax rate goal but not eliminate the goal entirely.

The Committee also discussed Goal J6 regarding the development of endowment funding and wanted to be sure that elimination of this goal in no way would impact the City's ability to set up trust funds for or accept donations for specific purposes. City Manager Aspell and Deputy City Manager LeBrun both indicated that even without the goal the City is able to make trust fund donations as long as the requirements from the grantee are not overly burdensome, that acceptance of donations is a regular occurrence, and the City Council approves these donations at their regular Council meetings each month. Deputy City Manager LeBrun indicated that the City is simply not actively pursuing endowment funding at this time and that is the reason to eliminate the current goal.

Deputy City Manager LeBrun discussed the main changes in the Fund Balance Policy as being a proposal to increase the General Fund Unassigned Fund Balance goal to 20% of operating expenses by June 30, 2017. This further strengthens the finances of the City and will bode well with the rating agencies in their review for the City's annual bond issuances. Deputy City Manager LeBrun also noted the change in Fund Balance goal for the Golf and Arena funds from 5% to 10% of expenses and the addition of a fund balance goal in the Solid Waste fund of 10 %.

There was considerable discussion among the Committee members about raising the goal from 17.5% to 20%, and they ultimately agreed on a goal of 18.5%. The Committee asked what is the current fund balance percentage and LeBrun indicated that, as of June 30, 2015, it is anticipated to be 19.1%. This is a pre audit percentage and may change based on any adjustments made during the year end audit. The Committee was concerned that setting the goal at 20% at this time may hamper the City's ability to deal with unexpected situations that may occur during the year and they would be more comfortable maintaining a very strong goal of 18.5% and the flexibility to manage resources very prudently.

4) **Update on New World Systems/Logos EP software** – Deputy City Manager LeBrun discussed a recent meeting with New World Systems (NWS) representatives. NWS indicated to the City that they will not be able to allocate the appropriate amount of resources to further enhance the software to allow us to fully utilize the cafeteria plan in regards to two important items: online enrollment for employee benefits and budgeting for benefits including Beneflex. NWS indicated it would take thousands of man hours to enhance the product to the level used in Concord and they simply do not have the critical mass of customers using the product to justify the expense. Their initial comments were that it would not happen in the next couple of years and, when pressed, they said it is most likely not going

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to happen anytime in the foreseeable future. Additionally, the City's tax collector has been in discussions with the City's tax software vendor, Munismart, and they have informed him that they will not be making any major modifications to the existing software. They plan to do the basic maintenance but no significant upgrades and, instead, are pushing their customers to another of their platforms for tax packages.

Considering these challenges and other challenges that the City has experienced with NWS in past years, City Administration believes it is in our best interest to start the process to review other ERP solution options. We have allocated funds in the FY18 CIP budget for this purpose and think it is now time to do some preliminary work to find a solution that will fully meet the needs of the City and rectify the deficiencies noted above.

LeBrun indicated that he is not looking for any decision today and will start the discussions internally and report back to FPAC at a future meeting.

The committee agreed that it makes sense to look at the available options to be able to fully utilize the ERP systems that are available and be as fully integrated as possible.

5) **Other –** no items were discussed under this agenda item.

6) **Adjournment – A motion was made by Councilor Keach to adjourn, seconded by Councilor St. Hilaire. A unanimous vote brought the meeting to an end at 6:20 PM.**

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance

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