MINUTES

Fiscal Policy Advisory Committee January 19, 2012 4:30-6:00 PM Second Floor Conference Room

In Attendance: <u>Chair</u> – Allen Bennett; <u>City Councilors</u> – Candace White Bouchard, Mark Coen, Keith Nyhan, Jennifer Kretovic and Mayor Bouley; <u>City Staff</u> - Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager Finance; Carlos Baia, Deputy City Manager Development; Bob McManus, OMB Director; Katie Graff, Budget Analyst; Chip Chesley, General Services Director; Diane Savoie, Controller; Scott McIntire and Karen Burke from Melanson Heath & Co., P.C.

Excused: City Councilors –Jan McClure, Dan St. Hilaire and Fred Keach.

- 1) Approval of December 15, 2011 Meeting Minutes: Chair Bennett called the meeting to order at 4:40 PM and requested a motion to approve the minutes of December 15, 2011. Councilor Nyhan moved to accept the minutes, seconded by Councilor Coen. The minutes were unanimously approved as presented.
- 2) CAFR presentation by Scott McIntire from Melanson Heath and Co., P.C. Scott McIntire from Melanson Heath & Co., P.C. presented the City's FY 2011 Consolidated Annual Financial Report (CAFR) to the Committee. He indicated that there were no material issues with the City's financial statements and they accurately represent the financial position of the City. He also stated that the audit went very well. Mr. McIntire discussed net assets; fund balance and the new GASB 54 fund balance classifications; and Other Post-Employment Benefits (OPEB) liability and other notes in the financial statements. Scott indicated that the City manages all major reconciliations appropriately and timely. Two items in the management letter were highlighted: tightening up departmental receipts processes and preparing a formal (written) risk assessment of the City's potential internal control weaknesses and possibly correct or accept those weaknesses.

Overall, he reinforced to the Committee that the City's financials are in excellent shape. The committee briefly discussed the report.

3) Solid Waste Fund: Landfill and PAYT (discussion) – The committee discussed the potential CIP costs of the Old Suncook Road landfill. General Services Director Chesley gave a brief presentation of the history of the landfill, the discussions ongoing with NHDES and the projects currently underway at the landfill. The Committee recommended forwarding this issue to the Solid Waste Advisory Committee (SWAC) for them to review and return recommendations and options to FPAC.

The committee also discussed the pay-as-you-throw program (PAYT) and the potential need for adjustments to the bag sizes or prices. There was a strong sense from the Committee to spend sufficient time considering all options regarding the solid waste PAYT program and any potential changes. The committee also recommended that SWAC take the item under consideration and return recommendations and options to FPAC.

4) Proposed Fiscal Policy Statement – DCM LeBrun discussed the changes to the City Goals which include eliminating Goal A-1 and changing Goal H-1 to reflect the new GASB 54 fund balance definitions. Councilor Nyhan moved to recommend the proposed changes to the City Council at its February meeting, seconded by Councilor Bouchard White. All voted in favor.

Councilor Nyhan also requested that DCM LeBrun and City Manager Aspell review all goals

and simplify/shorten the goals list for FPAC and the City Council to consider. DCM LeBrun indicated that they would work on proposing changes and bring something back after the FY2013 budget process was complete.

- 5) Tax Rate Target (discussion) The Committee discussed establishing a tax rate target for the upcoming FY2013 budget process. DCM LeBrun indicated that the All Urban Consumer CPI CUUR0000SA0 as of the year ending December 31, 2011 was 3.16%. He also indicated that the first half year CPI was 2.79% and the second half year CPI was 3.52%. The committee also discussed having the opportunity to review the annual General Fund Model before they make a recommendation to the full Council on a tax rate target. DCM LeBrun stated that they will bring the model back to FPAC at its February meeting for consideration.
- **6) Quarterly Financial Statements** The Committee did not have any questions regarding the Quarterly Financial Statements.
- 7) Strategic Planning Subcommittee and Topics City Manager Aspell discussed strategic planning issues for compensation and benefits; labor contracts and retiree benefits; and setting up separate meetings to discuss these issues.
- 8) Bond Sale and Rating DCM LeBrun discussed the recent bond sale of \$8.4M G.O. bonds and the associated rating from Moody's Aa1 (affirmed) and S&P AA with a positive outlook. The bonds were sold on January 11 for 1.89% net interest costs (NIC). The committee was pleased with the results of the sale and complimented the City Manager and staff for a job well done.
- 9) **Adjournment** A motion was made by Councilor Coen to adjourn, seconded by Councilor Nyhan, and a unanimous vote brought the meeting to an end at 6:15 PM.

Respectfully submitted,

Brian LeBrun Deputy City Manager – Finance