

MINUTES

Fiscal Policy Advisory Committee
December 15, 2011 4:30-6:00 PM
Second Floor Conference Room

In Attendance: Chair – Allen Bennett; City Councilors – Candace White Bouchard, Mark Coen, Keith Nyhan, Jan McClure, Dan St. Hilaire, Fred Keach and Mayor Bouley; City Staff - Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager Finance; Carlos Baia, Deputy City Manager Development; Bob McManus, OMB Director.

Excused: City Councilors -

- 1) **Approval of November 17, 2011 Meeting Minutes:** Chair Bennett called the meeting to order at 4:40 PM and requested a motion to approve the minutes of November 17, 2011. **Councilor Coen moved to accept the minutes, seconded by Councilor McClure. The minutes were unanimously approved as presented.**
- 2) **Review of Quarterly Summary Financial Statements** – Deputy City Manager LeBrun presented the summary financial statements for review and for FPAC’s consideration to use in lieu of the previous fiscal monitoring report. The statements consist of an executive summary of the pertinent general fund/enterprise/special revenue items that are noteworthy. The statements also include summary revenue and expense items of year to date results as of November 30, 2011 which is 5 months into the fiscal year.

A discussion ensued regarding the statements and the FPAC committee agreed to use this format of financial reporting in lieu of the previous fiscal monitoring report as a more regular report of the City’s current financial position. This report will also become a regular quarterly City Council consent report item.

- 3) **Discussion of Proposed Budget Changes** –
 - a) Deputy City Manager LeBrun made a brief presentation about changing/combining cost centers in the City’s accounting system and the impact on the annual budget presentation. The Water Fund Budget was used as an example. The intent of the changes is to simplify the system of accounting without sacrificing the integrity or usefulness of the financial statements. The Water division manager is welcoming the change to consolidate 9 cost centers into 5 and administration is eager to consolidate 8 cost centers into 4. Additionally, for many years the City has maintained “allocated” accounts which basically charge certain UB expenses to only one group of accounts during the year and a year-end entry is made to distribute the expenses between the Water and Sewer funds. Eliminating these “allocated” accounts will provide a more accurate monthly view of the financial position.

The FPAC committee was agreeable to the changes to the annual budget presentation that would result from the consolidation of cost centers. Mayor Bouley indicated that the City Manager has the authority to present the budget in the manner which he thought most appropriate. Councilor Bouchard expressed a note of appreciation to be informed of these changes before the FY2013 budget is prepared and presented to the City Council.

- b) **Accrue wages at year end instead of 53rd week reserve** – Deputy City Manager LeBrun discussed accruing wages each year at year end instead of continuing to maintain a 53rd week reserve and funding this reserve each year. Most private companies and many municipalities accrue year end wages instead of budgeting for a 53rd or 27th pay period every 5 or 10 years. The biggest single advantage is that there will no longer be a blip in

wages every 5 years. The City will also work to accrue the retirement costs. The only thing that will not be accrued is payroll taxes as they are expensed when wages are paid.

FPAC agreed with the concept of accruing year end payroll.

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

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance