# DRAFT MINUTES

Fiscal Policy Advisory Committee
November 19, 2015 / 4:30-6:00 PM
Second Floor Conference Room

**In Attendance**: Chairman – Allen Bennett; City Councilors –Candace Bouchard, Fred Keach, 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; Carol Anderson, Senior Accountant; Bob McManus, OMB Director; Rebekah Dougherty, Budget Analyst; Scott McIntire and Sara Demos, Melanson Heath, P.A.; and Jennifer Johnston, Human Resources and Labor Relations Director.

**Excused:** Councilors Mark Coen, Dan St. Hilaire, and Amanda Grady Sexton.

1) **Approval of September 17, 2015 Meeting Minutes:** Chairman Bennett called the meeting to order at 4:30 PM and requested a motion to approve the minutes of the September 17, 2015 meeting. **Councilor Keach moved to accept the minutes, seconded by Chairman Bennett. The minutes were unanimously approved.**

2) **Comprehensive Annual Financial Report Presentation (CAFR) –** Deputy City Manager LeBrun introduced Scott McIntire and Sara Demos from Melanson Heath, P.A., to present the City's annual CAFR report. Mr. McIntire reviewed the highlights of the CAFR and complimented the Finance staff for their work and improvements to last year's Management Letter item regarding cash receipting. There are no further issues to address on this item. He also discussed the ongoing OPEB liability and the impact of the provisions of GASB 68, which require the City to record its portion of the NHRS unfunded liability. He stated that he is presenting the audit to FPAC a month sooner than last year and the audit has been moved up in the accounting department to September, the earliest ever. Mr. McIntire then spoke about the current Management Letter and the City's response, noting that these are issues the City will be addressing and bringing into the upcoming year. Councilor Keach asked about the GASB board and who makes up that board. Mr. McIntire replied that it is a board of professionals with oversight of reporting requirements for governmental organizations.

   Deputy City Manager LeBrun thanked Mr. McIntire and his staff for their work on the audit. He also thanked Katie Graff and the Accounting Staff for all of their work on the preparation of the audit.

3) **Medicare Supplement Insurance –** Director Johnston distributed a spreadsheet highlighting changes to the Medicare supplement insurance program. The proposal is to eliminate the Medicare Enhanced plan with a regular Medicare plan and add an independent prescription coverage plan. This would save the City approximately $227,000 per year and the coverage would be very comparable to the existing coverage. The biggest change would be in the multi-tier structure of generic drugs. This change would help the City save money and also the retirees who pay all or part of their insurance.

The Committee expressed concerns about the changes to retirees' prescription drug tier levels. They also understand the positive financial savings to the City and individuals. Director Johnston stated that they had met with a representative retiree group and the group understands that some changes to the plan are likely.

4) **Proposed Revisions to General Fund Proforma** – Deputy City Manager LeBrun presented a revised General Fund proforma. This proforma would replace the "model" that has been presented in previous years and would be included with the budget at the same time that all other proformas are reviewed by City Council in May/June of each year. This proforma would provide a more realistic preview of future budget years and tax rates, based on standard increases, capital and other known criteria. The committee asked about standardizing a somewhat level CIP value in the proforma to help smooth out the tax rate spikes.

   Deputy City Manager LeBrun indicated that if the committee is in agreement with this change, administration will start this new process for FY 2017. There will not be a "model" or proforma presentation in January or February 2016. Instead, the proforma will be part of the FY 2017 budget presentation.

   The rating agencies often ask for this type of proforma when they are assessing our bond sale and would like to see a more realistic document. The Committee agreed that this is a sound way to move forward in the FY 2017 budget.

5) **Other –** Mayor Bouley expressed his sincere appreciation to Chairman Bennett and Councilor McClure for their dedication and years of service to the Fiscal Policy Advisory Committee. They have made significant contributions to the financial policies and fiscal health of the City during this time. Both Chairman Bennett and Councilor McClure did not seek re-election to the City Council.

6) **Adjournment – A motion was made by Councilor Bouchard to adjourn, seconded by Councilor Keach. A unanimous vote brought the meeting to an end at 5:30 PM.**

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance

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