

City Council Work Session
May 22, 2017

Present were: Mayor Grenier, Councilors Otis, Remillard, Gentili, Morgan Allain, Higbee, Rozek, Nelson and Theberge

Others present: City Manager Jim Wheeler, Finance Director Patty Chase, Auditors Jarad Vartanian & Bob Vachon; from Summit Salute Al and Kate Duncan, and Annette Carboneau

Summit Salute

Mayor Grenier introduced Al Duncan saying that last year there was a significant retreat at the Mt. Washington Auto Road to get the veteran community together. The group had received a onetime grant and they are looking for a donation to hold the event again this year. Al Duncan introduced Annette Carboneau who would speak for the group. She reported that her job last year was to oversee for the yearlong grant program to help military veterans. Focus groups were held to see what veterans needed. She heard about how the experiences that were 2 to 4 years of someone's life had impacted veterans immensely. The event held last year at Mt Washington brought veterans of all ages and their families together. The Mt. Washington Auto Road has reached out to offer Saturday August 5 for a repeat event which Ms. Carboneau estimated would cost between \$4,000 and \$5,000.

Councilor Rozek stressed the importance of veterans making contact with people with the same experience. Mayor Grenier suggested a donation of \$2,000 from Council Contingency. Ms. Carboneau noted that the City would be recognized in flyers, Facebook and articles for the sponsorship.

Councilor Rozek moved with a second from Councilor Higbee to sponsor the Summit Salute for \$2,000 from Council contingency from this year's budget. So moved, the motion carried.

Councilor Nelson asked if more money is raised then what is needed, will the City get it back. Ms. Carboneau indicated that the group will spend very wisely and an accounting of the funds for the Council can be done. Councilor Nelson warned that the event is the same weekend as the ATV Festival and lodging is booked. Mr. Duncan added that the event will be held in memory of Gils Laramée. Mr. & Mrs. Duncan and Ms. Carboneau left the meeting at 6:50 p.m.

Presentation of the FY 2016 Audit

Jarad Vartanian from Vachon Clukay presented a synopsis of the City's financial statements which were uneventful with all ending in a good place.

Vachon Clukay continues to audit the City's financial statements using the risk based audit approach which evaluates audit and fraud risks. There are elements of unpredictability which vary year to year. There were no new policies that had an impact on the financial statements.

The City's assets increased by \$4.6 million and Capital Assets totaled \$66.2 million which is a decrease from the prior year. Liabilities increased by \$4.8 million and Mayor Grenier confirmed that it is because of the bond for Route 16.

The increase in total assets and total liabilities were affected by the issuance of the bond and the bonded long term debt. NHRS' unfunded pension liability resulted in a net increase in position of \$560,000 from the previous year. This is expected to increase next year.

Governmental activities had a \$2million increase in Net position. The general fund ended with a fund balance of \$2,812,353; Capital Projects ended with a restricted fund balance of \$7.1 million. Non-major governmental funds which are grant funds that do not go through the budget ended with a fund balance of \$345,750.

The Airport continues to lose money and even with the infusion of \$31,000 of City money, it still lost an additional \$38,000. The deficit continues to grow. Mayor Grenier noted that the Airport Authority has taken action and replaced the retiring Airport Manager with part time personnel. There is also the possibility to sell land to reduce the deficit.

The City has three enterprise funds: Sewer, BIDPA and Cates Hill Landfill. The Sewer Fund is in a good position with its net position decreased by \$420,000. The decrease is due to the completion of the Wastewater Treatment Plant going on line in 2016 and the depreciation of the asset in subsequent years.

Mr. Vartanian reviewed a five year analysis of the working capital of the sewer fund saying that it has strong liquidity and a strong position. Mayor Grenier asked how the asset is depreciated and Mr. Vartanian stated that it is a straight line reduction. At the end of 40 years, there would be a zero value. Mr. Vachon questioned whether there would be grants available when the system needs to be replaced.

The General Fund revenues exceeded budgeted estimates by \$241,000 and actual expenses were \$715,000 less than budgeted. There was a decrease in the fund balance of \$435,000 and that was better than expected since the City used \$1.15 million to offset the tax rate.

The City was subject to a federal compliance audit having expended \$4.2 million in federal assistance. Of this, \$2.3 million is for the School Department; \$900,000 to economic development and the remaining was for various funds such as public safety, airport improvements, highways and wastewater programs. As part of the Federal Compliance Audit both financial reporting and compliance with federal awards were tested and there were no deficiencies or weaknesses found.

General takeaways from the audit are that there is strong financial reporting, strong controls and strengthened reconciliation processes. This means the information provided to the Mayor and City Council is accurate and can be relied upon to make pertinent business decisions. Mr. Vartanian thanked the finance office and schools for being prepared and professional. He asked if there were questions.

Councilor Higbee asked how much unassigned fund balance is appropriate and Mr. Vachon stated that the DRA says it can be between 5% to 17% of total appropriations. Mr. Vachon noted that 17% is likely too much; however somewhere around 5% without going below will serve the purpose and not have a big effect on a good rate for borrowing.

There being no further questions, Mr. Vartanian and Mr. Vachon left the meeting at this time, 7:30 p.m.

Other

CIP & Segregated Funds Cuts. Mr. Wheeler noted that he was to bring the details of cuts he proposes for the Capital Improvement funds and for the Segregated Funds. The total to go in to unappropriated fund balance from CIP and Segregated funds is \$367,070. Councilor Remillard asked if we can afford to cut the retaining wall capital account. Mr. Wheeler stated that he prefers to keep the funding for walls; however these are the hard decisions.

Councilor Remillard asked what the intention of the downtown money was and Mr. Wheeler stated that there was an original plan and the funding has been pursuing pieces of that plan. The \$40,000 being retained will be used for a "Welcome to Berlin" sign and for new signage in the downtown.

12th St Bridge. Councilor Rozek mentioned the concrete deck on the 12th Street Bridge and noticed that the decking has had some spalling. He asked if anyone is monitoring the bridge. Mr. Wheeler indicated that the DOT does bridge inspection reports yearly. Councilor Rozek said that the City paid for a higher quality material to get some long term survivability; he asked that the contractor be contacted if there is a problem.

Hutchins Street. Councilor Rozek expressed disappointment that the Water Works cut across Hutchins Street and a newly paved roadway is now a patched road. There was some discussion about infrared equipment and what it would cost to purchase. It was suggested that the Water Works, City and Sewer Funds could jointly purchase one machine. Mr. Wheeler said he would ask Mr. Perreault to research the cost.

Veteran's Tax Credit. Councilor Rozek asked about the Veterans tax credit that was discussed earlier this year. Mayor Grenier placed the item on the next Council meeting's work session agenda, June 5. He asked for a recommendation on the issue of veteran tax credits from the Board of Assessors. Councilor Remillard asked what surrounding areas do.

Hillside Ave Bridge. Councilor Nelson asked when construction will start on the bridge on Hillside. Mr. Wheeler said he would get that information.

There being no further business in Work Session, Councilor Rozek moved to adjourn; Councilor Nelson seconded and the motion carried. The meeting ended at 7:40 p.m.

Respectfully Submitted,
Susan Tremblay
Administrative Assistant