

MINUTES

Fiscal Policy Advisory Committee

August 15, 2013 4:30-6:00 PM

Second Floor Conference Room

In Attendance: Chairman – Chairman Bennett; City Councilors – Mark Coen, Fred Keach, Jan McClure, Candace White Bouchard and Keith Nyhan; City Staff – Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager-Finance; Katie Graff, Assistant Finance Director; Bob McManus, OMB Director

Excused: Mayor Pro-Tem St. Hilaire

- 1) Approval of February 28, 2013 Meeting Minutes:** Chairman Bennett called the meeting to order at 4:32 PM and requested a motion to approve the minutes of the February 28, 2013 meeting. **Councilor Nyhan moved to accept the minutes, seconded by Councilor Keach. The minutes were unanimously approved as presented.**
- 2) Update of City's ERP system** – Deputy City Manager LeBrun spoke about the next upgrade to the City's financial software LOGOS which is the product of New World Systems. He indicated that this next upgrade called Next Gen is a substantial change in the way the system will operate for the Human Resource module and is expected to more fully integrate things like Position Control and Position Budgeting, utilize a more simplified benefit groupings, and hopefully reduce the number of codes with which staff has to work. Eventually they will only support the Next Gen version of the software. Next Gen is scheduled to go live in October 2013. While Next Gen is slowly coming together it has been one of those situations in which New World Systems tell us one date but it keeps getting extended. It was originally intended to be upgraded last year and then they promised this past spring and when we saw it was not coming together we pushed it off until fall.

For the FY14 budget process we did use the budget module in LOGOS for all internal budget work and that worked extremely well. I need to give kudos to Budget Director McManus for all of his work in bringing that project together very seamlessly. We plan continued improvements in the budget process and ultimately want to align the reports from Logos, the General Fund Model and the proposed budget to Council so that all the reports are very similar and consistent. So this will continue to be a work in progress.

Budget Director McManus also discussed the implementation of Business Analytics as an extremely useful analysis tool that has provided exceptional benefits by using the cube structure in analyzing information for HR/PR/Finance and also saves a lot of time.

DCM LeBrun will keep the ERP systems update as a regular FPAC report item and will also include any notable items from any of the other systems that the City uses.

The committee wanted to know if the City liked the computer system and if they have a good relationship with LOGOS, understanding that there were a number of problems in the past. DCM LeBrun and City Manager Aspell responded that the system worked quite well with some quirks but that there were some relationship and customer service issues as well as

issues with staff turnover so that we don't always know who our representatives are to get things done and as soon as someone is up to speed they leave and another person arrives.

- 3) **Changes to the Financial Statements for FY14**– DCM LeBrun discussed some of the changes that will be made to the financial statements in FY2014. With the implementation of Next Gen and Position Control, it became necessary to change how the City processed payroll on a weekly basis for General Services, Engineering and Recreation. The City has operated an internal processing Fund 12 for many years which allowed for an overall distribution of benefits and leaves for each of the above named departments and smoothed this change, we will need to make some budget transfers within departments from the leaves accounts to the correct benefit and wage accounts. In the budget book they are displayed as part of the benefits accounts. At the end of the day the bottom line of the budget stays exactly the same so we will not be asking for any additional funds. It is really just the distribution of those funds and how we report them on the financial statements. We also anticipate that there will be some shifting of actual expenses between funds but anticipate that all shifting will be within budgetary approvals. This change will help continue to simplify budgeting and processing.
- 4) **Preliminary FY13 Financial Statements** for year ending June 30, 2013. Deputy City Manager LeBrun presented the summary report showing a preliminary surplus of \$930,300 from General Fund operations. In the report, the single largest contributor to that surplus is the \$314,000 that was received as a premium holiday from Primex. This surplus is after consideration for the \$894,000 that was approved from the FY12 surplus that was transferred to reserve accounts. The funding for this transfer was from Assigned Fund Balance and then the actual transfer during the year is directly to fund balance and not showing an actual revenue transfer in the operating budget.

This surplus is also a direct result of departments being very conservative in managing their budgets and only spending what is really needed.

With regard to the Special Revenue and Enterprise funds, three items are worth a brief discussion.

1) Golf Fund – the preliminary results reflect a gain of \$23,900 instead of a loss of \$20,700. Revenues are still difficult but the savings really were from lower than expected expenditures. It will require a lot of work to maintain that momentum. We still have some final year end and audit adjustments to make.

2) Arena Fund – the Arena Fund results were positive and expenditures were a little higher than expected and outside of the approved budget. As a housekeeping measure we will be presenting a supplemental appropriation to the City Council in September to increase the operating budget by \$12,000 so that the actual expenses are within the approved budget.

3) Solid Waste Fund – the fund is presenting a preliminary loss of \$138,000. There are still inventory and accounts receivable adjustments to make which are not anticipated to improve that position.

As has been the practice in past years, Administration will present a proposal for the use of surplus in the November time frame for the City Council to consider. This will be after the audit is complete and we are very comfortable with the final results of the fiscal year.

DCM LeBrun entertained questions regarding the year end financials.

The committee was pleased with the preliminary financial results and complimented the finance staff for good work. DCM LeBrun acknowledged the good work by Assistant Finance Director Graff in the simplification of financial processing and streamlining the City's balance sheet. City Manager Aspell commended both Assistant Finance Director Graff and Budget Director McManus with jobs well done. He stated that Assistant Finance Director Graff has far surpassed the expectation that he had when she started in the position a year ago.

Councilor Coen commented that with all the good things that are happening in the City of Concord, it is important to keep in mind the issues that are plaguing Detroit right now and that the City needs to always be mindful to monitor situations and make appropriate changes timely.

5) Adjournment - A motion was made by Councilor Bouchard to adjourn, seconded by Councilor Keach, and a unanimous vote brought the meeting to an end at 5:20 PM.

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance