



CITY OF  
DOVER

## CITY COUNCIL MINUTES

Meeting Type: Workshop  
**Meeting Location:** City Hall  
Meeting Date: February 6, 2008  
Meeting Time: 7:00 pm

1. REVIEW OF FY07 CAFR AND ANNUAL INDEPENDENT AUDITORS REPORT
2. CIP QUESTION AND ANSWER SESSION
3. ADJOURN

Workshop session was called to order at 7:00 pm. Councilor Scott Led the Pledge of Allegiance. Present were Mayor Myers, Councilors: Callaghan, Cheney, DeDe, McCusker, Scott, Trefethen and Weston. Also present were City Manager Joyal, City Attorney Krans and City Clerk Lavertu.

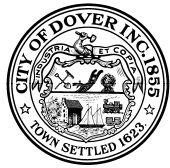
Two reminders-There will be a study circle at 6:00 pm on February 7, 2008 in the McConnell Center. There will also be a presentation on the Shoreland Protection act at 7:00 pm. The auditor from Melanson and Heath, Scott Macintyre came to the podium to discuss the Comprehensive Annual Financial Report. The Councilors should have received this report in their mailboxes last week and the management letter and response were emailed and copies placed at your desk this evening.

Mr. McIntyre came to the podium to answer any questions. He provided background on the audit. The firm has been around since the 1970s and does approximately 100 government audits annually. There are 10 partners and 5 of them only do government audits. The CAFR will be reviewed for technical review. The Single Audit Act and the City Charter require that an audit be done annually. This audit confirms reconciliations and cash. The audit went well and no significant journal entries were needed. There were some adjustments needed to Capital Assets however this could be fixed with software upgrades. Going forward this presentation should be in December however it is not unheard of to have one this late since the City was without a Financial Director for awhile. There are 2 sets of financial services: a long term and a short term prospective.

Pages 1-12 of the report are introductory. Page 13 starts the financial section with the auditors' opinion of the City's reports. The opinion of this firm is that the City's reports meet GASB guidelines. Page 215 of the report shows management discussion and analysis.

Page 29 is the long term prospective. The middle column is the Enterprise funds. There is \$2million plus in unrestricted assets which are a modest improvement compared with last year.

Page 30-31 shows the expenditure driven, GASB approved look at the financials. This method starts with spending and subtracts out revenues. Special revenue funds, grants etcetera are included and this is not just General Funds. The net number is the total expenses less revenues less grants equal net cost. Expenses outweigh local revenue however the difference is made up with general revenues (such as motor vehicle registrations and taxes).



CITY OF  
DOVER

## CITY COUNCIL MINUTES

Meeting Type: Workshop  
**Meeting Location:** City Hall  
Meeting Date: February 6, 2008  
Meeting Time: 7:00 pm

Page 32 and 34 is the more traditional short term prospective model. The General Fund unreserved amount has increased by \$275,000.00 since last year with a 7% increase in expenditures. Rating agencies like to see a 5-10% range so this is a solid Balance Sheet. For further review of trends please see page 22.

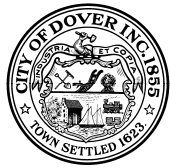
Page 34 shows changes in fund balance. Inflow of cash exceeded outflow by approximately \$1,000,000. Page 135 shows a 10 year trend analysis. The final budget was consistent with the actual. There was \$1.8 million more of revenue than expected however investment income exceeded expectation. There is also \$600, 00.00 in unspent appropriations.

Page 89 shows Balance Sheet for major funds. The Cocheco River Dredge fund has a cash deficit that is owed to other funds. This is similar to the arena fund borrowing from the general Fund. The Cocheco fund needs to pay back the General Fund. This will need to continue to be monitored. GAAP will require that money be set aside in reserve. Similar to the Arena fund: the Arena Fund impacts Balance Sheet as shown on Page 32. There is 42.3 million dollars owed to the General Fund. This will not be paid back within 1 year so a reserve fund is set up. If at the end of Fiscal Year 08 the money is not paid back then this should also be added to reserve fund.

Page 3 discusses the management letter and explains that the firm did not look at every transaction. The current maintenance of Capitol Assets is currently overly complicated and cumbersome. There is software available that should be utilized. The Student Activity Accounts are small accounts that utilize the City tax ID. These were worked on during FY07 but some determinations still need to be made. Page 4 shows controls of cash receipts which includes cash registers and reconciling of library receipts. Improvement in internal controls is always prudent. Many changes have already occurred. Page 5 show ambulance receivables. The City should consider a write down policy to demonstrate the amount that can be realistically expected to be collected upon. It was also recommended that the City reduce revenue classifications. Many have already been adjusted however some still likely require attention. Page 6 is the Cocheco Dredge fund which was already discussed. We also included language that we have put in all of our audits concerning implementation of changes in audit standards and the establishment of internal controls and internal audit functions. This has been added because acceptable auditing standards changed recently and recommend tightened internal controls.

Cheney requested an explanation of the legal debt limits outlined in page 145. Auditor explained that the final column shows debt for 2007. Page 65 shows the legal limit per State statute and there may be a local threshold that comes in to play as well. Myers explained that the CIP handout shows local limits set stricter than the State.

Scott questioned the auditors review of the numbers as there is 33 million dollar unfunded liability for employees and handed out a spreadsheet. The auditor countered that there is a 31



CITY OF  
DOVER

## CITY COUNCIL MINUTES

Meeting Type: Workshop  
**Meeting Location:** City Hall  
Meeting Date: February 6, 2008  
Meeting Time: 7:00 pm

million dollar unfunded liability as the math is not linear. Actuaries get the numbers with trend analysis and the 2 million dollar difference is not significant in this type of fund. Most local governments have this level of liability. The GASB standard makes you identify this liability but you are not required to fund it.

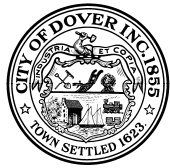
Scott followed up with 2006 numbers being almost identical. Since healthcare costs have gone up the unfunded liability should also go up. The auditor responded that GASB rules do not require this to be calculated annually. This can be done every two years. Scott then questioned if adjustments would be footnoted if there was a change to contribution to pension. Auditor referred to page 72 and stated that in 2002 the school contributions were not included, however the work papers were not pulled. It was not footnoted because it did not affect the balance sheet or income statement. Myers replied that the school was the difference and paperwork had been presented to the council; that paperwork will be found and redistributed.

Cheney asked how long this auditing firm has done the City's audit and the auditor replied that it has been estimated 14 years. Cheney stated that 1 suggestion that had come out of Newmarket was that the auditor be bid out every 5 years. She stated that she appreciates the job that the auditing firm does. The auditor explained that their supervisors are changed periodically, they rotate staff and they stay current with rules.

The Mayor requested that the auditor look at the City's response and see if anything was not addressed. He reminded everyone that next week there will be a public hearing on the independent auditing committee and he hopes it is adopted. The auditor stated that if the financial software upgrade does not proceed then some other alternative needs to be put into place just for capital assets. There is concurrence with other recommendations. Joyal responded that the CIP request to overhaul the financial system is in the works and he will also be bringing forward a policy on ambulance receivables. He is also working on a process of internal controls and as this is a new issue the State of NH is working on training.

There were no other questions about the CAFR so discussion was started on the CIP. As a starting point it was suggested that discussion start with the handouts that dealt with specific questions that arose at the first workshop:

1. The Master Plan for the cemetery on page 20- The Cemetery Board of trustees is recommending installation of a columbarium that can hold 192 urns with expansion as needed.
2. Street lists for general improvement- Generally used for overlays of streets. The 4 streets are Sixth Street from the culvert on Blackwater Brook to town line, Cushing St, Third St to Central Ave, and Central Ave from Merry to Sawyer. A survey was done this fall to assist with prioritizing and that list should be out this march



CITY OF  
DOVER

## CITY COUNCIL MINUTES

Meeting Type: Workshop  
**Meeting Location:** City Hall  
Meeting Date: February 6, 2008  
Meeting Time: 7:00 pm

3. Public Works Heavy equipment-Street sweeper is most urgent need. Current one is 11 years old and gets heavy use. If it is not replaced then it will need a complete overhaul. This schedule is based on use, history and analysis of cost to repair. All equipment has exceeded anticipated useful life.
4. Wellhead protection-the City is proactive in protecting land around the wells since the City is entirely reliant on wells. There is a list available of the land acquired to protect wellheads. Need sufficient money on hand if land becomes available.
5. Infiltration program. City sewer upgrades are needed. Some sewer lines are not properly connected. Ground Water seeps into sewer and overwhelms the system causing discharge. To mitigate we need to replace and maintain so that it's not allowed to infiltrate. Catch basins will help as well as sewer lines without gaps. The ultimate benefit will be reduction in cost as treatment will not be needed for storm water. This is required by Federal regulations and is an ongoing annual program
6. Hiring engineering firm-looking into a single contract. Difficult to get 1 firm that can handle our volume. This is a common practice in smaller towns but may not be feasible here.
7. Road repairs- need to keep trucks from destroying roads that have recently been repaired. Can do this several ways: establish a series of truck routes, place weight restrictions on roads, impose regulations that trucks enter/leave via specific routes and place insurance requirements. TAC has been involved with this issue in the past and we should start with recommendations from TAC.

### New questions and general discussion:

DeDe questioned special revenue funds on page 21. Specifically the money allotted for the down town parking facility in 2009 and 2010. I believe we need a parking facility but the financing package is a special tax assessment on certain businesses that would benefit. Some have indicated a willingness to participate however; we need to meet with merchants to determine expected amounts. Myers remarked that a resolution is coming to create a parking committee on 2/13. Committee will include Planning Board, TAC, Economic Development, Chamber of Commerce, Dover Main St, and Mayoral appointments. That this will not impact property tax payers is in resolutions.

Callaghan questioned why sidewalks are not on list and is there a similar list available as there is for streets? Joyal responded that the sidewalks involved would be along the streets mentioned. The bulk of the money is for the streets. This information will be included on the list coming out in March. Callaghan also questioned if the sidewalk for Route 108 is a part of this? Joyal responded that funding for that was already appropriated. It was State funded with a City match and the City approved additional money to extend the project. Project is progressing.



CITY OF  
DOVER

## CITY COUNCIL MINUTES

Meeting Type: Workshop  
**Meeting Location:** City Hall  
Meeting Date: February 6, 2008  
Meeting Time: 7:00 pm

Trefethen had a question concerning the timing of street improvements on page 20. He understands the concept of doing water and sewer however Atlantic Ave is out in 2012 and there is no corresponding water and sewer. Why is it so far out? Joyal responded that any project can be moved up; however Atlantic Ave is a 1 million dollar project. This list was prioritized anticipating water/sewer and by trying to eliminate any significant variances in budget year to year.

Myers reminded everyone that there is a public hearing on CIP with City Council 2/13; public hearing on CIP with the Planning Board on 2/12 and on 2/20 there will be a special City Council meeting with the only agenda being CIP discussion and adoption.

Motion to adjourn by McCusker seconded by Weston. Passed 8/0. Meeting was adjourned 8:35pm