

**COMMITTEE ON ACCOUNTS,
ENROLLMENT & REVENUE ADMINISTRATION**

February 27, 1996

5:15 PM

Chairman Elise called the meeting to order.

The Clerk called the roll.

PRESENT: Alderman Elise, Soucy, Shea, Pariseau
Alderman Hirschmann arrived late.

MESSRS.: Kevin Clougherty, Fred Rusczek, Tina Parsons, Ron Johnson,
Ron Ludwig, Roger Descheneau, Randy Sherman

Chairman Elise stated that the Committee's agenda was more of an orientation to get specific input on how the Finance Department felt regarding what the Committee's mission would be. Chairman Elise noted that the agenda was in a different format than other committees. Clerk Johnson advised that the format of the agenda was prepared by Finance in the past as had been for this meeting and in the future the Clerk's office would prepare it in a form similar to other committees. Chairman Elise commented that Alderman Pariseau would bring maturity to the committee from his previous experience in the 80's with the committee, and that Alderman Soucy would bring experience as well having served on the committee the previous term.

Chairman Elise addressed item 5 first as Mr. Rusczek was present.

Management Audits

Mr. Clougherty asked if he might give some background on this. Mr. Clougherty then added that the Board of Aldermen approached by the Health Department to have a Management Audit conducted of the Department. Our current contract with Melanson and Green would include a contract with Coopers and Lybrand, which is a joint agreement. Mr. Clougherty also stated that Fred Rusczek has been working with them to see if they have the expertise to do the Management Audit and if they do not where do we go from there. So I think he is here tonight to talk a little about: "Is that arrangement going to work?" If it does then everything is in

place to proceed. If we have to make some changes then we will try to find out where we are tonight and we will go from there.

Fred Rusczek started by stating that this was just an update for the members of the Committee on Accounts. Last year, when the Aldermen determined that two city departments chosen per year to have a Management Audit, the Health Department took the unusual position of saying "Hey, were game." The reason was that we have just completed a strategic plan, through the past decade we have gone through tremendous changes in the Health Department, including a lot of staff turnover. Mr. Rusczek found that amongst other issues we had a lot of staff on board that came in without an understanding of what are mission is and where were going. Having just completed a strategic planning process a this would be an ideal time to have a Management Auditor come in to determine if we are really on track. Recently, after a roundabout communication with Coopers and Lybrand, we spoke with an experienced gentleman who works for the firm in Management Audits of local Health Departments. He is recently working with the Syracuse, NY Health Department. We believe that through Coopers and Lybrand we will be able to find and individual with the public health expertise. This is individual would be able to come in and see if there are other areas of revenue that someone out in Iowa has found in order to pay for public health services. There are probably other models of services that might be more efficient than what we have developed. Mr. Rusczek stated that they were looking at this as an opportunity to look at what we are doing and to further what we can do to improve our services. Mr. Rusczek finished by saying that this was just a short update and if there were any questions he would be happy to answer them.

Mr. Clougherty suggested if it was okay with the Board we should proceed with contacting Coopers and make the arrangements with Fred and see if we cannot schedule this to get it going.

Chairman Elise agreed and then asked if there was a motion to do this. On motion of Alderman Soucy, duly seconded by Alderman Shea, the vote was to proceed with the Health Department Management Audit with Coopers and Lybrand. Motion passed.

Mr. Rusczek said he would like to add one more thing that he was anticipating a proposal of the dollar amount within a week. Mr. Rusczek thanked everyone.

Chairman Elise asked Mr. Clougherty if he wanted to give his presentation first. Mr. Clougherty suggested that the first two items of the agenda be done to accommodate Mr. Descheneau who was present and had a meeting at the school department.. We should go to the top 4 because the last 4 is the presentation.

Chairman Elise stated that we had two letters regarding a non lapsing reserve fund for the school uniforms' replacement, cleaning and general upkeep.

It is my understanding that the budgetary needs for the uniforms are taken care of to date, but what we are looking for is a long time solution. Chairman Elise asked if everyone was in understanding that the present situation has been taken care of and that what we are looking for is a long time solution. Chairman Elise felt it imperative to come up with a long term solution because of the general understanding of the rolls, the School Board and the Board of Mayor Aldermen roll and the funding rolls. Chairman Elise did not want to put teachers, the arts director, students and parents in the situation they were in where they had to come in front of the Board of Aldermen to advocate. Chairman Elise reminded every one of the confusion and stress, so Chairman Elise wanted to look at a long term solution.

Mr. Clougherty asked to address, he said that the issue this year was that over time we have not put money and there is no money in the school budget to buy or replace uniforms. Consequently, the band uniforms donated and we have gotten into a situation this year was they just did not cut in anymore and there was pressure to change them. There was no money in the current budget for this purpose and again that is part of the problem. We are in a position were someone has donated money and this will take care of getting all of the uniforms for this year that will be new uniforms. Mr. Clougherty said that West HS uniforms are only a couple of years old, as is, Central HS. Memorial HS uniforms will be brand new. Going forward, ideally, what you would like to do is have put money in the school department budget for maintenance or replacement of the uniforms. If you maintain, replace or add you will not have this problem as you go down the road. The reason it should be in the School Department Budget is because it's a course and the band students get their grade. At this time I would like to be up front that my children are in the band at Central and I am trying to keep a back seat on this one. I wanted to disclose this up front, but the monies really belong in the School Department Budget and that has been an oversight. The current budget for the year, in anticipation of there not being someone stepping forward to buy the uniforms I think the School Department should include money considering as part of their special project. Now the amount that's in there was if they we had to replace some of these to a large extent are \$30,000. You do not need that level of funding perhaps this year if you put so much away each year, so that's one

method. You may see that amount change from \$30,000 to \$10,000 or \$5,000 depending what they need to replace uniforms or maintain things on a regular basis. At least the School has committed to put a line item and put some money aside for that specific purpose. The other process that we talked about was setting up a type of a special fund. You cannot set up a capital reserve fund because uniforms are not considered capital, or a special revenue fund unless you want to charge special fees, as we did for recycling. The other option you have is setting up a trust for this purpose. Money deposited into a trust till a reasonable principal, maybe a couple of principle \$100,000, where the principal would then generate sufficient income each year to deal with replacements of uniforms. Mr. Clougherty also suggested that if the School Department or the local Band parent support group wanted to do a capital campaign. The Board of Aldermen could accept that money just as we accept money from Friends in Blue to put into a special trust fund for that purpose. The monies given to Trustees in charge of the Trust Fund who would in turn invest in stocks and bonds. The income generated from the investments would be for replacements or maintenance of the uniforms. Mr. Clougherty then said that these are the only two alternatives put into your budget or put it into a capital campaign to generate a principal that would be in a trust. He asked to have us entertain either one of those or you wanted to structure something along those lines or work with the school we would be happy to do that.

Alderman Shea asked, how does this differ from the athletic budget?

Mr. Clougherty replied that the athletic budget was extra curricular. It is not a course, in other words, students do not get grades in football, baseball or athletics but band is curriculum they receive grades. It's no different from math or science, etc. That's why it's not in High School Athletic account it's a separate item.

Alderman Shea asked if it would be as the athletic accounts were a certain amount is appropriated each year? So what you are saying Mr. Clougherty is that the money appropriated would go into a trust fund and then be used to invest.

Mr. Clougherty said that the trust fund would be something separate. One of the two paths I suggest that you can take is that you appropriate a certain amount each year to lasts till the end of the year. The second is that you can work with the parents to build up a trust by raising funds to be put into a special fund. Then the proceeds used, much the same as you use for the professional care of the cemetery. Parks and Cemetery have a trust fund to carry out functions. The money generated from that trust would offset so you are not using cash dollars, to pay for that. So that would be an option.

Alderman Shea said he was just raising these questions, because if the band is mandatory and just as important in many peoples' eyes then the mayor as well. My point is this something that is perfectly legal to do is it something that has precedence or are we establishing precedence?

Mr. Clougherty replied that we had other trust funds for schools like the Scoval Scholarship Funds, established for a particular purpose. Mr. Clougherty continued to say that a trust fund for an educational purpose is certainly allowable.

Alderman Shea reiterated that Scoval Funds used for scholarships there not really used for people to get credit. These are rewards for people who have academic achievements.

Mr. Clougherty agreed and if you look at the reason high school athletics has a separate account. My understanding is that when the Board of Mayor and Aldermen make an appropriation to the school department. The School Department because of its unique status under the State Statute does appropriate a bottom line to them. The Highway Department appropriates a bottom line, but you have control in terms of the line items. The School Department it's just a bottom line appropriation for education purposes. Years ago, the Board of Mayor and Aldermen ran into some conflict with the School Department. There were so many items related for school purposes that the extra curricular items were separated. At that time, it had that unique status so you could set it out as a separate item. By reading the Statutes you are locked into that bottom line. If it has to be appropriated then your only option is to make sure that they appropriate an amount each year. Then hope they do not transfer the money until after you make the appropriation, which I do not think they would do because they try to honor those line items. It's not as if they come in and do a whole sale revision after they have presented a budget to the Board. The other is to try to pursue some other alternate source of funding which would be in the absence of fees or anything else like a trust arrangement. You have to try to get an infusion of capital up front to make the trust and that would have to come from some type of capital campaign or something along those lines.

Alderman Shea wanted to make one more point, if the people who raise money for instance, at Central for an activity overnight to Toronto in order to pay for busing and expenditures. In other words, there would be some sort of problem if they wanted to use some monies for a specific project that they feel are indigenous to their particular school. The arrangement would be that not all monies would go into a trust fund.

Mr. Clougherty replied that this would have to be a particular capital campaign everyone would have to understand that the monies they are donating was going into a trust for this purpose.

Alderman Shea understood.

Mr. Clougherty also added that we could structure that and do more research into that if you would like or if that's an option you want to consider.

Ald Shea suggested that you would almost have to have a Board of Directors or some type of....

Mr. Clougherty then said what happens then is that trustees of trust funds, we would have to place funds they receive, all those dollars under statute, they would manage it, that's already placed.

Chairman Elise then asked Mr. Clougherty that the trust fund would then go towards replacement of uniforms in the future but there still would be a line item in the budget for maintenance of uniforms.

Mr. Clougherty remarked that the trust structure is the way you want. Ideally, if you have a sufficient size trust fund, you do not need the line item budget for maintenance other than for the expenditure.

Chairman Elise would like to hear Mr. Roger Descheneau thoughts on this. Chairman Elise wanted to recognize Alderman Hirschmann. Chairman Elise had an extensive talk with Russ Pullman and after there discussion today I would like this table to have Mr. Pullman come to our next meeting so he can give us some input. Chairman Elise wanted to know if this was acceptable as she felt it was important to get his input as he expressed to me that he has been dealing with this issue since 1972. Alderman Hirschmann did you want to speak.

Alderman Hirschmann informed us that the schools are being provided with \$60,000 for band uniforms due to 3 groups together Anonymous Donor, the City and the School Departments budget. It would seem to me that with \$60,000 being expended this year that the uniforms are going to be in good shape for some time. I do not see where the school band uniforms are going to be a problem if the School Department has a budget line for \$10,000-\$15,000 for the next few years.

Chairman Elise replied that is why she felt it would be helpful for the Committee to hear from Russ Pullman. Chairman Elise's understanding was that the maintenance of the uniforms was 3 pages long. Every year you have to clean

them and that's why I feel that it would be helpful to hear from Mr. Pullman before we make any decisions.

Alderman Pariseau mentioned that if the special account wasn't set up for the uniforms for \$10,000 or \$15,000 annually from the School Department. Would the dollar amount lapse? Would it carry over into the next year? Unless we create this special account to allocate \$15,000 in FM97 and they expend \$8,000, come end of fiscal year 1997, they would be able to maintain \$7,000 in the Special Account. Otherwise the \$7,000 would go back into the general fund to offset the increase in taxes to the FY98. I would make the motion that we recommend to the full board the establishment of that trust fund so that they have the funds necessary to maintain the uniforms. I have heard that the Bands "have received contributions from different organizations" so that would come back to that fund and they can spend it as needed with the approval of the Board of Aldermen. I would go ahead and establish and make that recommendation to the full board.

Chairman Elise agreed that the trust fund was an excellent idea. I still think that I would like to hear from Russ Pullman. He can give us his needs and opinion on the trust fund also a maintenance account before we refer it to the full board.

Alderman Soucy asked if she could make a motion then that Mr. Clougherty and a member of the Department come up some type of schedule. Procedurally, what we need to do is invite Mr. Pullman to our next meeting pending that information that is on the table. Alderman Shea indicated he would second the motion. Chairman Elise noted hesitation in allowing the motion to pass because Mr. Descheneau had not been heard yet. She still felt she wanted hear from Mr. Pullman at the next meeting..

Mr. Clougherty said that he would work with Mr. Descheneau in the interim to pull things together with something that's workable. Is this agreeable with everyone?

Chairman Elise agreed that would be excellent. Chairman Elise recognized Mr. Descheneau.

Mr. Descheneau said that it was his understanding in the past, prior to the recession in 90, that there used to be line items in the budget. The budget accounted for the cleaning, general repairs and replacement of the uniforms on a routine basis. The monies were tight so that's one of the line items that was eliminated from the budget. Now we are trying to institute it back into the budget as part of a curriculum item. We have assured the people who came into the board that is an item that was going to be into the budget and will be on a continuous

basis. The trust fund is a good idea. We have scholarships and trust funds we use these on a routine basis every year and this is an option. The scholarship fund is broken down by the ratio of students and I can see problems developing here in the trust fund. Which school gets the money? The school will think that their item is more important and needed before any other school. I can see that as being a problem but that would be a decision made by administration..

Chairman Elise suggested that maybe a schedule can be recommended to anticipate what will happen. I know that all the uniforms are new but that would not account for students just coming into the band or replacement of uniforms destroyed for some reason or other.

Mr. Descheneau said that part of the money that we are projecting into the budget now, will be for new students, new uniforms and also general upkeep and maintenance of the uniforms. Russ Pullman and I have sat down and he gave me a figure that he felt that if we got that every year we would not have to go through this at the end.

Chairman Elise said that even so that would not take care of the large expenditure of uniforms.

Mr. Descheneau hoped that we would not have to do that all the time. By continuously maintaining the uniforms on a yearly basis we will not have to go through this again. The problem was that everything stopped and unfortunately you stop everything without replacements and that's what happens. This stopped way back and we continued using the same uniforms to the point where they were totally useless. The plan is to replace the uniforms on a yearly basis, pants maybe one year, some blouses another year, the routine cleaning and maintenance.

Chairman Elise thought that it was good that Mr. Descheneau had researched some of his information to show that he is working towards a resolution. Mr. Descheneau will be working with Mr. Clougherty to see what they can come up with at the next session regarding the line item discussed. A proposal for a trust fund and how that would work. I know that the parents of the music students raise a lot of money and it goes to different things. Certainly, the trust fund is something they might want to research. Chairman Elise is still very interested in Russ Pullman's input into this issue because he is familiar with the situation on a day to day basis. His opinion would be very helpful, in terms of us forwarding this information to a Full Board.

Mr. Clougherty said he would make sure that he was hear the next time.

Chairman Elise advised everyone that this item was Tabled until the next meeting. Chairman Elise addressed item #3 on the agenda:

Ordinance relating to Committee.

Mr. Clougherty said the reason they put that item on the agenda is to update the committee on a couple of things that we requested to do. One is a request from the Solicitor's Office and the City Clerk's Office with respect to recodification of the Ordinances. The Ordinances have not been recodified for some time. We are going through some exercise and part of what we are finding is that most of the ordinances that relate to the Finance Department were adopted in 1970. Most of the Ordinances deal with the Census Department, for example, there is never any mention of automated accounting systems or regular slate of financial reporting. We are looking with Paul Bergeron at Ordinances from other cities and the state to try to put in place a modern ordinance for Financial Reporting and Management.

The second item is that the Solicitors office asked us to take a look at the new committee structure. Also to make a list of the activities that we would ordinarily be bringing before this committee and CIP committee. While we were going through that exercise of listing out all this information of the different actions that we require you to take so it can all be put together. You will have to decide what you want as ordinances, policies and so on. We have a complete list of all the items from a financial standpoint reported and done on a regular basis either routinely, monthly or quarterly. We are pulling those together and hope to have those in the next few weeks. These are the two things that we are working on:

1. Deal With Ordinances in what we could give the committee
2. Ordinances on some of these issues because it's a requirement on the Finance Department.

Quite honestly the 1970's vintage ordinances do not put the type of control that you would really expect for an organization this size. When we make the list we will try to highlight those things that we feel would be binding on us for an ordinance. Also, the reports that we think are important no matter who is sitting in my seat or of who is sitting in your seat. An organization needs to be able to make decisions and if they're not being required then someone can, always, in terms of accountability. It's one of these. This is something we want to try to avoid.

Chairman Elise asked Mr. Clougherty in terms of recodifying ordinances, are these ordinances particular to your department and procedures.

Mr. Clougherty replied that they were. He also added that what Paul did was he basically he went through all the ordinances that relate to the Finance Department and sent them to him. He took all the ordinances pertaining to the City Clerk's Office and sent them Carol. If you take a look at them they make sense, if you look at ours you will see that they refer to things that are no longer consistent with the Charter. A lot this refers to the US Census when it required revenue sharing from the Federal Government, the 60's that is way outdated. We were going to be working with Paul to get these updated. We hope that we would have them around March 11th.

Chairman Elise replied that she understood that what he wanted to see is what he wanted reported out.

Mr. Clougherty then said that it was important to see what the committee wanted in reports. Public disclosure in the financial information is the most important thing that you are charged with. You have to make sure that your statutes and ordinances that require people to report to you and that they are clear so there is no ambiguity. If you are not getting the report, it's the person who is sitting in that seat responsibility to get it for you.. We are working on making that strong and modernized. We want to make that strong and modernized.

Chairman Elise asked if there were any ordinances presently written on how the accounts committee functions.

Mr. Clougherty said that he went back and there was an ordinance on the Committee on Accounts. It reads: "There should be appointed bi-annually by the Mayor a standing committee on accounts consisting of three members of the Board of Alderman which committee shall meet at least every month and carefully examine and audit all accounts and claims against the city which shall be laid before them certified as provided in RSA3573 of this Chapter and shall allow and pass same and found to be corrected justly due.". Which gets back to the reason why you sign the A900's and the wire transfers. That's why we disclose to you every single transaction during the month all the payrolls, etc. The ordinance was written before we had computers, so it was important that someone come in and sign off on all those things. With the computer reports you have the departments signing off on them. If you still want to receive them we can send them to you or we can take copies that become a paper nightmare. Mr. Clougherty suggested that a section or a page of the report could be available at a holding space where the reports would be public information. The report signed off each month would reflect that the reports were prepared in the City Clerks office. The reports would be available for the general public, the press and whomever for their review. This is what your attesting to and the information would be there. You could look up

your specific project or department, and it would be available, but it has to be disclosed.

Alderman Pariseau asked if the Clerk's office would have to maintain the reports or would they be discarded after 30 days? They do not have room to maintain another file.

Mr. Clougherty responded that he would maintain that signed copy. We would make sure that the signed copy was at the Clerks Office for public inspection or if anyone wanted it. Then at the next meeting you would sign off that it's been there and if the information was available to the public, the press, an Alderman, an employee of the city or a tax payer. We have a process in the department that ages documents and then they go to Fiche so were not holding on to reams and reams of paper. That's the intent but the way the ordinance is written, it even mentions forms which are now automated in the system. The ordinance needs to be re-written so everyone knows where the information is going and where it is available.

Chairman Elise remarked that Mr. Clougherty was now in the process of looking at the Ordinance issue. Are the computer printout reports a separate issue?

Mr. Clougherty responded that it was. The reports would continue the same way until they came up with a new procedure. We are open to suggestions on the type of reports you would like to receive also.

Chairman Elise asked Alderman Soucy if it was helpful for her to receive all that printout?

Alderman Soucy reported that she filled a recycling bin and a half. The reports that were send to her 90% were salaries that she could have gotten from personnel.. Her concern is that as long as there is a place she can stop by and look at the reports this is satisfactory to her. Disclosure is important. Alderman Soucy asked if there was any way during the conversion process that this information could be put on a disc she could look at it on a PC.

Alderman Hirschmann's recommendation would be that each Alderman is assigned a Lap top Computer. You could dial in and look at the agendas on your PC and not flipping papers during the meeting. The information printed onto CD's would run it more like a jukebox type system. When you want to go in and look at a certain payroll, you ask for that payroll and it loads and everyone in the city can look at it. We spend a lot of time put everything on Fiche but who has

access to the Fiche. Fiche is very archaic as far as indexing and finding information.

Mr. Clougherty said that was part of the \$2.5 million project that we are working on and if you want a hard copy you can print what you want. In the meantime, the ordinances written to reflect our ability to do this with the computer technology we now have.

Alderman Soucy said that she has access to dialing into the State House and it saves an enormous amount of time and paper. She said that she would be happy to stop by the City Clerk's office and look at the printouts every two weeks. It would save on the courier's time, certainly on paper.

Clerk Johnson stated she wanted to clarify the recodification that Mr. Clougherty mentioned. The intent of the recodification is merely to put everything in order and to make it easier to access the information. It will also take out conflicts with the State Law and/or City Charter at this point. We do not anticipate going through department by department making major changes on anything. After my discussion with Paul Bergeron, it is my understanding that some conflict exists with the Finance Department and those conflicts need to be removed. The Finance Departments' recodification will have more changes rewritten than any other department. Our intent in recodification is not the basis of what we call the Black Book, but merely to get everything in there in an orderly fashion enough to get it updated. As a result there will be several proposed changes to ordinances to clean up those documents. To the extent that incorporates the final project and done at the same time. This was something that Paul and I spoke about today. Just so you will understand the difference of what was actually contracted versus what your thoughts might be. We aren't looking for major changes to the ordinances as a result of the recodification.

Chairman Elise said that her first inclination on the computer printout is I would like to sit down and read every line. I know I am not going to do that to the degree that is necessary.

Alderman Soucy said that the first couple of months you would do that but then you would say I'm looking at page 320

Mr. Clougherty said that part of the \$2.5 million dollars is to get software so that you have one payroll system and one accounting system that everyone is using. In the event that you wanted to look at the transactions that pertained to a line item or a certain department you would get that information quickly with a modern system. Right now you would have to do it manually. If you had a lap top with

the new system, it would give you better control and easy access to the information you needed.

Chairman Elise proposed that if everyone had access to the computer printouts at the City Clerk's office now or would they want to wait a couple of months to make a decision.

Alderman Hirschmann replied that he didn't feel it was explained to him what we do with the printouts so I can't answer the question.

Alderman Shea said he was never told what to do with the reports that were mailed to him.

Chairman Elise said that was a very good point and it was a good place to start,

Alderman Shea replied he really did not know what to look for at this stage. I have looked through the reports and I do not know what questions to ask. Personally, if I needed the information I could access it at the City Clerk's office.

Mr. Clougherty responded with that now that they were familiar with the format of the reports they could request the information. It is to be hoped that, the ordinance will be resolved by the next meeting.

Chairman Elise concurred that we'd continue getting the printout individually until the ordinance is resolved.

The ordinance is also going to entail the revenue side of this committee.

Mr. Clougherty said that it would, and they would look at everything here that needs structure.

Chairman Elise said that they would table that item.

Mr. Sherman we have not been sending a computer report to each one of you. Now the monthly accounts payable report is over 300 pages and we have weekly ones, and then every week we run the payroll report. You have not been getting those, is that what you want to start receiving? You have been getting the 8 1/2 x 11 white reports. That's what we have been sending. Do you want to have the reports with each individual transaction, that 's what I understood that you did not want to receive? That's why we stop sending those.

Alderman Hirschmann suggested that he thought we should review outside vendors we could start there. Do the department heads review their own expenditures? Do we want to review employee expenditures?

Mr. Sherman suggested that before they send out any more reports that all the different reports generated be brought. They would explain each report at the next meeting.

Alderman Soucy agreed with Alderman Hirschmann by looking at the reports we can determine which one we want.

Mr. Sherman said that the March 15th check run was coming up. Did each person want that print out mailed to them? This is a 400 page report, or did they want to get together in a couple of weeks to see which portion of the report they wanted?

Alderman Pariseau said he would rather do it all at once, at his convenience. I do not have the time to run to the City Hall.

Mr. Sherman replied by saying this is what I mean, you can decide which reports you want sent to the City Clerk's office.

Mr. Clougherty said at this committee's next meeting they should show all of the reports that generated during the month.

Alderman Pariseau said all he received in the past was reports on payroll and medical insurance but I haven't received any of those in that past 3 weeks.

Alderman Soucy agreed that he only received a fraction of the reports.

Chairman Elise concluded that Mr. Sherman's idea would help us all immensely in terms of feeling that we are not overlooking anything and getting educated.

Mr. Sherman said that they would bring a complete set of everything at the next meeting, all the reports and explain what is in each report.

On motion of Alderman Hirschmann, duly seconded by Alderman Shea, it was voted that item #3, an ordinance relating to the Committee, be placed on the table.

Chairman Elise called the next item to be addressed:

#4 "Travel Policy Amendment."

Mr. Clougherty mentioned that the last time he was on the committee for Travel Policy for the City that there was no written policy. The Committee spent a lot of time developing this policy and it was adopted by the Board of Mayor and Aldermen. It is working well. There is something now in writing that we can give to someone when they leave town or go somewhere and they know what the rules are. The only place that we are finding problems with, is currently they are eligible to become reimbursed up to \$120.00 a night. Sometimes the \$120.00 a night is not enough if you are in a situation where there is a conference like in New Orleans or New York. If you are attending a conference and even with the discount it's still well over \$120.00 we have someone staying several blocks away for \$90, it defeats the purpose. Some people have suggested that it would read \$120.00 a night or the Conference room rate where the Conference is being held. We are not asking for an answer tonight unless you are comfortable with it. If you want to take a look at it, and talk to different departments, that's something that you could move and I think it would help for the department..

Alderman Soucy wanted to add to Mr. Clougherty's suggestion once the policy was actually established a few department heads had only run into a problem. Fred Testa had to have a waiver approved because of the policy.

Alderman Soucy said there was another issue and she knows it happened to someone else to Mr. Sherman at a conference. If you have a conference in Washington, DC or Chicago in a major city, you have a safety issue for some individuals. Mr. Sherman was saying they told him not even to walk out the door of his hotel.

Mr. Sherman said he stayed in a place under the \$120 but the hotel told him not to go out after dark, this was in Chicago. In order to stay in a room under \$120 you have to pay \$20 in taxi cab fares to get you to where you are going the next morning.

Alderman Soucy replied that he was eligible for reimbursement that defeats the purpose.

On motion of Alderman Pariseau, duly seconded by Alderman Soucy, it was voted to change the travel policy to reflect \$120.00 per night or the conference room rate where the conference is being held.

Chairman Elise called the next items:

Items #7 and 8 "Revenue Handbook and Revenue Policy."

Mr. Clougherty announced that one of things they were trying to get to is to have written policies whether it's on travel or whatever. We tried all last term to get a revenue policy in place. So what you are receiving tonight is a draft revenue policy. If we would have done the presentation you would see that there are three factors: evaluation, expenses and the revenues. All three you have to deal with part of the budget process we went through last time for this current fiscal year. The absence of a revenue policy resulted in some ideas from revenue being introduced as really are not working. One of the things we have is a revenue forecast now were forecasting revenues for this current year to come in on target. Right now were about \$77,000 ahead of our projection but that's not a lot of money on a \$40 million dollar estimate. The estimates that we are receiving from the departments for next year's budget are \$39 million. So they are less optimistic that they are going to raise that much money. Some of the dollars that put into fire or city clerk just did not materialize. The only reason that they were making the bottom line number is because of the investment raised and some other factors that happened. The rates are going down this year so we will not have that next year. So you really need to know where you are for budgeting purposes on all this. If we had put up the graphs you would really see where the trends are and where you have to place some policies on revenue. So, when you are in the passion of a budget you have something out there that holds you standard so you can move forward. That's what we are trying to put in place here. So when the departments are out there formulating budgets and looking at things there is a degree of reasonableness that's considered. So the city does not get into trouble in terms of

straying into areas for revenue creation that are not achievable or practical. What you have here is a revenue policy and I am going to let Tina Parsons who worked on this speak to it. In the revenue handbook there is a chart of accounts that list out all the expenses and the expense items. The flip side of the chart of account is your revenues. This will tell you every revenue that the city receives and gives you a description. So if someone starts talking to you about a particular revenue in a department, you turn to the index and it will give you a description of what is being collected, under what authority. It could be State statutes, city ordinance or whatever. There is also a history in there by month, quarter, or year of all the revenues that we have had for some time. You can look at trends and that serves as a database. Tina why don't you jump in and speak about the revenue policy.

Ms. Parsons started with saying that a copy of our draft proposal that brought to the past preview revenue committee without action. We are bringing it before you to have one adopted this year. I was hired as a revenue administrator and one of the task I was asked to do Cost of Services for the City. Costing out government services and what exactly it cost each department to provide a service to a citizen. This will also set up a public policy for the Board to determine which one of the services that we provide that you want to capture back the cost of that service. If for instance we were to charge each child who uses the pool \$1.00. The pool at some point this would not cover the entire cost of pool operation so that there would be a supplement in that in the tax rate. You could go through each department, look at the services provided and figure what it's costing to provide that service. In many instances, I do not think that there is a handle on what goes into providing a certain service and how much of that we want to recover through fees and charges. How much of that we want to supplement with a tax rate. It also gives you a vehicle to decide how you want to increase those fees or charges. If you wanted it to maintain a certain percentage like 65%, what would the cost be to maintain that percentage? Than annually we could well actually we set it up so every 4 years we could go into that department and review those charges. In the interim you could do something like a CPI index to decide if the average cost of something increased by 3% then we would increase our charge on that specific service by 3%. You can target it that way until you can go in and do another cost of service study. If you look through here we have various----unfortunately, this supposed to be following the graph so that you could see exactly where things are falling----the actual revenue that the city gets are under different jurisdictions. Some revenues are RSA driven from the State that you really do not have control over those. Other revenues come through commissions and the Board of Mayor and Alderman and also through contractual agreements.

Mr. Clougherty said that the budget pressures this year is going to be strong. The evaluation is still dropping, and as I said non-property tax revenues are flat and

expenditures are increasing. That's not going away. What you have to look at and what every other city is looking at is "What is the fees and tax relationship?" You have to look at those types of things and set some policy so that the departments can respond in terms of what you are looking for in terms of their budget preparation. This is the information we would like for you to look at tonight. If you have any questions and you want to meet with us during the week, talk to me or Tina and we will explain it to you. If you want to see the slide show, let us know we can do that in our office.

Chairman Elise indicated they should see the slide show.

Mr. Clougherty commented that you really needed to start concentrating on where you want to be financially. You need to know that going into this next budget process.

Chairman Elise suggested they get together in two weeks to be able to see the slide presentation and the reports.

Mr. Clougherty continued by saying the next thing in front of them is the Investment policy. The investment policy adopted two years ago. This policy is what we follow in terms of making the investments for the city. We like to have the policy adopted every time there is a new board so you will know where we are investing the money. We 'd really like some action on this tonight so we can go forward so that the Board can adopt it.. We are not asking for any changes in the policy. We feel it's been responsible. We would like for the board to see the policy. There is one thing tonight we would like to have move out it's the Investment policy. Because it's not changing we want to make sure the full board understands and that serves as a basis for your quarterly treasurers' reports and all the investments that were involved in.

Mr. Clougherty said that what we do every two years with every Board this is the Investment Policy this is what we will spend the money on. When you get the Treasurer's Report every quarter in the back of that is the Investment Policy. You can check the policy to see that we are investing within the parameters and the guidelines we have set up.

Chairmen stated that Mr. Clougherty wished to give a presentation to the full Board on the Investment Policy.

Mr. Clougherty agreed that the presentation given the full board for the Investment Policy that would explain the policy and asked that it be reaffirmed and that carry unto the next year. We do not want to get into parameters where the State

Statutes have not changed there is some chance that the Trustees Trust Fund Laws but that's a very positive change. It really would not affect the general fund investment policy but would be embraced by it.

Mr. Sherman interrupted by saying one more item along with that Investment Policy I handed out a copy of RSA 48:16 and that indicates that the City Treasurer who in this case is the Finance Officer is governed by certain state statutes and there are certain limitations on the types of investments that the city can make. That's just for general information to go along with that and we'll explain that to you further but in case you got that piece of paper and didn't know exactly what it was for that is the determination what city, municipalities and state can invest in.

On motion of Alderman Hirschmann, duly seconded by Alderman Soucy, it was voted to present the Investment Policy to the full Board.

There being no further business to come before the Committee, on motion of Alderman Hirschmann, duly seconded by Alderman Pariseau, it was voted to adjourn.

A True Record Attest.

Clerk of Committee