

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

**January 27, 1998**

**6:15 PM**

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

**Present:** Aldermen Hirschmann, Rivard, Thibault, Girard, O'Neil

**Messrs.:** Steve Tellier, Tom Nichols, Kevin Clougherty, Richard Houle

Chairman Hirschmann advised that the first purpose of the meeting shall be organizational in nature and requested the Clerk to provide a brief overview regarding typical issues addressed by the Committee.

Deputy Clerk LeBlond-Kang referred to a copy of the committee description from 1996 which was attached to the agenda. This committee will deal with the Board of Assessor's and receive periodic reviews and reports from them. The committee shall also have jurisdiction over policy regarding City expenditures, revenue performance, forecast, financial statements, audit reports, bonding, and other matters referred to the committee by the Board. The committee also has jurisdiction over the travel contingency account.

Alderman Thibault asked what kind of travel she was talking about.

Deputy Clerk Leblond-Kang answered that there was a trip that Tom Lolicata from the Traffic Department had to take to get their painting truck or line striping truck repainted. This was required because of the mandates by the Federal government to use a certain type paint. Mr. Lolicata requested travel to get out there because they had to drive the truck and then they had to stay over. Usually, we send a communication to committee members outlining what the request with a copy of the request attached.

Chairman Hirschmann stated that in his eyes, this is the committee that works with the Finance Department the most. We perform not an exact audit function, but we are a check and balance committee as well as we enroll new ordinances. Working with Finance, we will be reviewing revenues, maybe even creating new revenues or having input on revenues and spending. We should be performing an overview of spending and overtime and accounts. That why this is the Committee on Accounts. Along with that, we will work the referrals that come into the committee amongst ourselves and bring in whatever professionals are needed. We will take the advice of Kevin Clougherty and the City Clerk's Office and make our way through this thing and make it short and sweet. Does anyone have any questions?

Alderman Thibault asked if this Committee still looks at all of the spending bills that the Finance Department in fact spends. We used to look at all of the bills and okay them or question them or whatever.

Mr. Clougherty answered you can. Certainly all that stuff is disclosed and it is available for all of the departments but the committee in the past has chosen not to do that. We would like to see the committee operate more as an audit committee in the traditional sense. Part of what has happened over the years and what this committee I think and what the full Board needs to do is get a handle on what its roles are. Part of the problem with the travel, for example, is that as an appropriating body the last Board took the money out of the budget and gave it to themselves to spend. Now think about that. Is that a good idea? Not usually but that is what they did. What has to happen is if you are going to do that is there is no guidance that is out there in terms of what is happening. Can I just hand something to the Board? Just so you know where we are coming from this year and what you are going to see from us I think it is important to lay out the ground work here. Today the City of Manchester issued \$26 million worth of bonds. We were in the market this morning and we sold \$26 million worth of bonds. We got a rate of 4.63%. That is the lowest the City of Manchester has ever gotten for an interest rate. It was 4.634%. I just want to talk about that for a second. When we went out to issue bonds two years ago we issued about \$20 million and we hit 5.1% and change and that was the lowest. So now we have gone down and we have really shattered this record. We had six bidders. Usually when cities go into the market you have two or three. We had six. The difference between the winning bid and the second bid was 4/100 of a basis point and a basis point is a measure of one percent. You are talking you know the difference between the six of them was about 1/100 of 1 percent. These things were lined up really tight. So it wasn't like people just throwing out bids, these people wanted to win it. It was Smith Barney and First Albany and Fleet Banks and all these things. Now why

did that happen? Why is the City of Manchester getting that low a rate? We got that low a rate because on Friday, Moody's told the City that our credit rating went up. We went from a AA3 to a AA2. There are only, of all the major cities in New England, there are only two that have a rating of AA or better and that is Manchester and Portland, ME. Portland, ME is AA1, but they used to be AAA and are sliding down. Manchester is building up from an A. So we did great. We were able to do that because we had a good audit report that you received the other day that had no findings in it. You have an unblemished audit but the one thing that makes all this stuff work, year in and year out, frankly this committee can take credit for and this Board can take credit for, is that you have good management. Now what is the underpinning of management. If you take a look at the sheet I just gave you, and this is what we are going to have to talk about because we have good financial things to talk about but at the U.S. level you have the Constitution. The U.S. Constitution is adopted by the people and it is on a form of a referendum and that gives authority. It creates the three branches of government. It says the legislature does something, the President does something and the Congress does something and then the agencies have responsibilities. U.S. Code is when Congress gets in and votes on something, that is a law. But you will never find, for example, your IRS rates this year adopted by the Congress. They delegate that to the IRS. You will never find the speed limits for the Federal highway in a law adopted by Congress. They say we want a natural, a good highway system and they delegate that to the Department of Transportation. Now the Department of Transportation at the Federal level, you know, the Secretary of H.U.D. or the Secretary of D.O.T., he has to go through a procedure to adopt his IRS regulations or DOT regulations. The head of the IRS can't come out tomorrow and say well I think the rate is going to be 2.5% for you but I think it will be 5% for you. He has to go through a procedure every time he is going to do something that affects somebody other than himself or his department. The same thing happens at the state level. You have the State Constitution that lays out who is going to do what. You have the State Statutes which is again when the Legislature, the House & Senate meet, and the Governor signs it, but you are never going to find in there the speed limits for the highways in New Hampshire. They have delegated that to the State agencies so the State Department of Transportation will lay that out and say this is what this is going to be. Similarly, if at the State level you are going to do things like hiring, if you are the Personnel Department for the State of NH and you are going to sit and place rules for all the other State departments to follow, you can't say well I am going to set these up but they don't apply to this guy or that guy. You can't say the accounting rules are going to apply to you on this day and this on the other day, so they put into place procedures so that all of those things have to be disclosed and it is real clear to everybody affected what those are. But you come to the City of Manchester. We have the Charter, which is like our Constitution, we have the Ordinances and then we have got this void and that is

our problem. Every time that you come in to say what is the procedure, we don't, even to my knowledge, have a procedure to adopt procedures and the City is vulnerable. That is what your auditors told you the other day as the new Board and that is what they have been telling the Board right along. Because you don't have procedures that require the departments to lay out these policies so that the people affected can comment on them and have due process, you have got chaos. So what we are going to try to do this year is try and push with this committee and others to put in place a procedure to adopt procedures. You can't go out and say that it is going to be this way for one department and this way for another. You can't come in and say we are going to take all the money for travel and bring it into us as a committee and then we will decide, on any given day, who is going to travel. How are you going to do that? You have to lay out in front some rules of fairness so all of the departments know what is expected of them. That is what we are talking about doing here this year. There is nothing more fundamentally important than what we are going to try and get done. The things that we are going to bring to you in the next couple of months are rules and policies on investments, how the City invests its money and where that money goes and why it should be going the way it is and how we should be disclosing that information to you. Rules on revenue and how revenue is collected and how you want the departments to take the money in over the counter or how you want the money to be accounted for and make sure that everybody knows what that policy is just as with travel. Then we are going to talk about once you have got your policies in place and procedures we all agree on how the money comes in and how it gets accounted for and how it gets invested. What we would like to do is put in place an audit procedure that we agree on that this committee is comfortable with that says okay we are going to audit in this manner how this is going to happen so it is not a witch hunt where Clougherty or someone on the Board says we are going to go after so and so. It is laid out in a series of procedures that everybody knows about that is fair but still gets the job done so that we can do those credibility checks. So that is what we will be talking to you about during the next several months is putting that in place because now that we have the audit function if you got the policies lined up and they are properly adopted... God help us if we try to go out and try to enforce what we have now and you find something wrong. What are you going to do to this person? You haven't got a leg to stand on.

Alderman Thibault asked why it couldn't always be under BMA approval. No matter what committee decides, that it goes back to the Board and unless it has the full support of the Board then it can't be done. I don't care what the problem is, whether it is travel or whether it is a pay raise or whether it is anything. In other words anything has to go to the full Board of Mayor and Aldermen before it can be approved, not just the committee. The committee can recommend to the Board, but then the Board should either approve it or disapprove it.

Mr. Clougherty answered what will happen is that the City will crawl and your agendas will be long and you will be here from 7 a.m. until 12 a.m. because people would just be coming in. There are no procedures. If you want that you can have it and that is where it is heading but it seems to be more reasonable to follow something different that says yeah we want to lay out policies and procedures and we want to have a procedure for adopting that. Once they are adopted then you are going to get what you want because everything will be disclosed in uniform. This is about disclosure and equal rights.

Alderman Girard stated I agree that the City is in sore need of administrative procedures, not only financially but as it pertains to Personnel and a whole range of things. I will say, however, that there was once upon a time a draft of administrative procedure adoption rules and the Mayor's Office should have those on file. If not on the computer then in the hard copies that exist because they were located there. As a matter of fact, your office, the City Clerk's office and the Solicitor's and the Personnel office might also have those because they were developed as part of the old policy review committee. I think if nothing else they would provide a groundwork to start developing and reviewing some of what you are talking about.

Chairman Hirschmann stated before we get too far down that road, this is not the Administration Committee. This is the Accounts and Enrollment Committee and policies that are involved in this committee. We are not talking about Personnel or any of that stuff.

Alderman Girard replied I understand what Mr. Clougherty is saying about the financial policies but I just wanted to remind him and advise the committee that there are basic rules in place that have not been adopted by the Board that could serve as a foundation for the development of those policies in any area. Actually, Kevin, if you are still going to go on about policies I will hold my other question.

Mr. Clougherty stated my only point to the Board is if you don't have a procedure in place for doing this stuff and we have brought it to this committee's attention over the years and we have brought it to the full Board's attention, I think the City is vulnerable. There has got to be a determination made where you tell me how do you want these procedures adopted and how do you want me to enforce them. If you are saying that everything has to go to the full Board, then everything will go to the full Board.

Chairman Hirschmann replied well if you take our last term, we did adopt a revenue policy so we did start down a road of putting policies and procedures in place.

Mr. Clougherty responded policies.

Chairman Hirschmann asked if everybody on the committee had been issued the new Code of Ordinances Book.

Aldermen O'Neil and Thibault answered that they don't have one.

Alderman Girard suggested to the Finance Officer and to the committee the way the rules of the Board are structured before a committee can consider any policy question it has got to be referred to it by the Board even if it falls within its jurisdiction and asked Mr. Clougherty if he would begin to send the areas that he knows we need policies in to the full Board and ask that they be referred to this committee so that we can work with him to develop the policies and make recommendations back to the Board.

Mr. Clougherty replied every one of the policies that we are talking about we have done that. We go to the Board with the policy and it has been referred here and then it goes back and it has been adopted. So we have an investment policy, we have a revenue policy, we have a travel policy. All of those have been adopted by the Board through this committee process and we will follow that. Where you run into some issues is with the procedures below those policies. The policy is to do travel in a certain way. What is the procedure for making sure that all of those people are treated fairly when their funding requests come in. So it is not just enough to have the policy. The policy is fine, we can do that but you need to decide the mechanics of how all these things are going to work and if you are going to require departments to do input or require the general public or require employees to do things you have to have those laid out.

Chairman Hirschmann stated that being a new committee what he would like to do is give us, the five of us, all the tools we need to do our job. That is why I want you all to have a Code of Ordinances Book. What I also want you to have and probably Joanne could, or the Finance Department could get for us is I have a revenue handbook and get these other four fellows one. It shows you the chart of revenues that we oversee and that we are going to audit.

Alderman Girard asked for the Chart of Accounts, too.

Mr. Clougherty answered yes.

Chairman Hirschmann stated when it comes to the Chart of Accounts itself, I know what past policy was. I don't know if any of you are familiar with all of the printouts that previous Aldermen got of who worked what overtime, which department spent money, and which checks were written to vendors...

Alderman Girard interjected that is not what I mean by Chart of Accounts. I don't want the A900. The Chart of Accounts is a description of what each objective code within the budget is.

Chairman Hirschmann replied but I want to adopt for policies and procedures for our two year work session is, in the past Aldermen got printouts, I mean reams of printouts and it went to every one of our houses. So what the past Board did is we said time out on this. I think the Clerk's office was going crazy too. I believe that those...

Deputy Clerk Leblond-Kang interjected they seem to have stopped but at one point during the last term the Finance Department used to bring the A900's into our office and I think you (Finance) notified the committee members if they wanted to look at them they could come into the office instead of shipping everybody out a copy.

Mr. Clougherty stated that is the difference, Mr. Chairman. We can generate all kinds of reports and give you what every department is spending and what people are spending. That is all available, but that is all public information anyway. Anybody who walked into the office tomorrow, provided it is not somebody's personal deductions or tax information, but if somebody wants to know how much the Highway Department is spending on a particular item that is public information and we provide it. You are not doing anything other than looking at stuff that anybody could get off the street. What this Board should look at is do we want to take a look at how the City is spending its money in a particular area. For example, do we want to do an audit that would look across the board at a whole bunch of departments on how they go about procuring a particular service? Do we want to take a look at consultants? Do we want to take a look at how the City goes about securing purchases of a particular nature? Do you want to take a look at this particular line item or...for example we looked at extra detail one year for the Board and got information on extra detail because they didn't understand that and they wanted information. That is what I think we should be doing. You can look at all the individual departments and line items but you are missing the big picture as to where is the money going. What you may want to say is okay where is most of the money being spent and say all right lets take a look at where that money is being spent and how did that get authorized and what are the

procedures there. The same with revenue collection. You always focus on the expense side and how much did this guy spend or whatever. The other side is how much revenue did they take in and what are the procedures that we have across the City for departments to take money in and are they following them. Is it one for you, one for me, you know that is what in my mind this committee should be focusing on. If we were to give the committee a list of things that we thought we were concerned with to look at, we would like to be able to justify that to you people and then you say all right lets go out and find out what is going on there and realize that that is a management independent look to try and improve it and make it better. Not that you are going to go and say yeah I didn't like the way this guy spent 5 cents or 10 cents. Lets look at the broader issues and that is what we would like to see the committee focus on.

Alderman Girard stated I agree with you, Kevin, in a number of areas but the question I have is whether or not the Policy Review Committee is still on the books as an Ordinance. If it is, candidly, while I agree with you I think that a lot of the procedural questions that you want to see developed are best developed through that committee because that is why it was established. But as far as setting policies and improving the procedures I think that should fall to the committees and to the Board. That having been said, I think we understand exactly what your point is and I would like to ask a question in a different area. Given the rate that we got in the bonding today, I am wondering whether or not it makes sense for the City to take a look at refunding of preexisting bonds.

Mr. Clougherty answered the City has done two refundings. The last time we did a refunding we hit it on the lowest day the market has had. So all of the outstanding debt that the City has has been refunded down to the point where...usually what happens is you will have all these underwriters coming in trying to think they can make business and they look and you know there is a big underwriting market now. It is just like refinancing your home. There is a lot of people coming around doing it. Our stuff is so low that there is no interest. Because our rates were so low today, the firm that bid, it was Salomon Smith Barney that won the bid, they think that because the rates are so low that within the 30 day IRS window there might be an opportunity for refunding and they are going to look at that. So they are taking and running all of the City's debt and they will do an examination to see if with this new rate we could, perhaps, do something of a blended nature that would result in more savings and I have already asked them to do that. It is on their nickel. If they come back with it and the savings are substantial and the cost of going back to do that aren't onerous, we will do that, but our refunding is low. The only thing that we would like to see refunded that we haven't been able to refund are those issues that went out in the mid-80's to the NH Municipal Bond Bank. The Bond Bank has done refundings,

but we don't get the savings so that is why we never use the Bond Bank. We can't...I would love to get at them but we can't because of the way that it is through a State agency. Other than that, everything is pretty low and we did instruct them to follow-up and if something comes of that we will go out and do a refunding as soon as possible.

Alderman O'Neil asked about the third policy that Kevin referred to.

Mr. Clougherty answered investments and audits. We want to make sure that we have a fair procedure in place to look at these issues. We don't want to just come in here on any given night and say we don't like what this guy spent the other day so we are going to take a look at him. You should be taking a look on a regular basis, on a regular cycle of all of these things so that as people know that you are taking a look at them that is a deterrent. As long as you have the policies and procedures in place and they are enforceable that is when the audit program...

Chairman Hirschmann interjected what I would like to do is exactly what you just hit on is the last two years, I sat on this committee the last two years and what we did, we did some things very good. With revenue we hit a home run, we just kept working on that. Auditing function, we just didn't get into it. I am not blaming anybody it is just the flow of that committee we didn't do the auditing that we probably could have done. A couple of the other aspects we did good. We had the Assessors come in and give us updated requests that were referred here and they have performed admirably. What we want to do is update this committee so that we work on revenue, we work on the expense side, we work on the audit functions, policies, recommendations, check the Assessors and hit all of these things maybe not monthly but like one recommendation was that the Assessor's are doing fine reporting now maybe quarterly they could come in so that it is not a monthly thing to harass them and that would give us more time to work on the accounts side. With that, I will turn it over to Mr. O'Neil.

Alderman O'Neil stated, Kevin, in thinking back to my previous time serving you used to generate a simple report and I am trying to remember, three or four pages every month, pretty simple to the fact. Is that...it is not exactly what is here but can that be done monthly? I don't know how detailed all of this paperwork you were getting was, but there used to be a pretty simple monthly reporting and you could just see...

Mr. Clougherty responded that was the summarized financial statement and what they saw is the detail behind every one of those. We don't think we need to get into the detail. We would like to look at the summarized financial information and then from that say lets do an audit of revenue collection.

Alderman O'Neil asked if that was something that could be done monthly without a lot of difficulty.

Mr. Clougherty answered you will see those regularly on an ongoing basis.

Alderman Girard stated, Mr. Chairman, after listening to Mr. Clougherty I wonder whether or not it would appropriate for this committee to send the Mayor a letter asking him to reactivate the Policy Review Committee because my recollection of that committee was it was there to not only help develop policies for the Board but also to develop the procedures that Mr. Clougherty is taking about, by and large.

Chairman Hirschmann asked how long ago was that.

Alderman Girard answered it was within my time in the Mayor's office. I don't remember the last time that committee met, but ...

Chairman Hirschmann asked why wouldn't the Administration Committee do that.

Alderman Girard answered it was a committee made up of the Mayor, the Finance Officer, the Solicitor, I don't believe the Personnel Officer was on it, the City Clerk, I don't recall if the City Coordinator was on it but I believe there was an Aldermanic Appointee also. It was more of a staff oriented committee that was supposed to develop the procedures by which policies were adopted by the Board and the procedures that were to be enacted to implement them.

Chairman Hirschmann replied if you are making that a motion, I am all for the Mayor doing some work so anyone want to second that.

Alderman Girard stated I think the Mayor's Office as being the Chief Administrative Office of the City really should take a look at reinstalling that committee if it still exists and taking the lead on that.

Alderman O'Neil asked to come up with Personnel policies is that what you are...

Alderman Girard answered no, it wasn't restrained to any one area of the City. It was a general oversight committee that was supposed to develop policy or procedures for the Board of Aldermen and the departments to develop and adopt policies and procedures and codify them in a book like the Code of Ordinances so that if there was something that was a policy that was needed say on revenue okay, I realize that this committee went through some time ago and developed, with Finance, a revenue policy but there would have been, I guess the best way to put it

would be an additional step. So after coming from this committee it would have gone to the Policy Review Committee to make sure everything checked off legally, financially and otherwise and then it would have been sent to the Board for adoption. Now, Mr. Clougherty is here telling us that we need procedures to make sure the policies are enforced and that committee also had within its purview, because of the staff that was on it, the latitude to develop the procedures to implement the policies. All of those recommendations would then go to the Board and the Board could either refer it to the appropriate policy committee for review and send it back or the Board could act on those things there. It brought the staff resources together to try to get some of these mechanics...

Alderman O'Neil interjected I don't have a problem with that but I just want to make sure that we are not duplicating the process. I know there is going to be a...the Personnel Committee has already started to do some work on Personnel issues and I kind of took that for instance the five or six recommendations from the auditors that it would be this committee's charge to make sure that, working with the Finance Department, that we do our best to see that those are implemented this year. I just want to make sure that we are not duplicating and we are not taking away the power of, not the power but the responsibilities of respective committees in the City.

Alderman Girard replied I don't think it is meant to. I am not trying to duplicate anything. I just think it functions more of a technical committee to make sure that everything is correct and proper because while we are sitting here developing some policies or procedures on policy X we may not know that there is a legal prohibition somewhere that we should have been aware of.

Alderman O'Neil stated whether it is a Personnel policy or a Financial policy, wouldn't that be reviewed by the Finance Officer, the City Solicitor anyways.

Mr. Clougherty replied no. That is the problem. There is no central clearinghouse. If you go to the state, you have the RSA's okay. You have got the maroon law books then you have got the things that are put out by the department which are these blue binders but because...like today, say I want to adopt a procedure that changes the way that departments complete forms to fill in payment vouchers. Can I do that? Probably. Write a memo, send it out. Tomorrow, Mark Hobson decides I am going to change the way that we go about keying information into the system about overtime. You have got all these memos floating around out there that are procedure. Where are they? There is no central codification where I, as a Department Head, can go and look just like in the Ordinances and say what am I supposed to do in this situation. That is why there has been so much confusion out there because you have got somebody that has got

a memo dated 1988, someone's got a memo dated 1973...which end is up? The City is at a vulnerable position because somebody could come in and challenge you.

Alderman Girard replied that was the main thrust behind the Policy Review Committee.

Mr. Clougherty stated yeah, to just do the clearinghouse so that there is one spot where all this has to go through to get codified to make sure that everybody gets it. So if there is a change you can't just this afternoon decide you are going to change something if you are a department. It has got to go through this process, let everybody have a chance to comment on it, make sure it gets codified and then everyone has got a copy of it and everybody can see what has happened.

Alderman Rivard stated, Mr. Chairman, what are we supposed to be doing here. I mean are we supposed to be addressing all of these particular policies for the whole City of just for this particular committee? I mean we are not going to set policy for how he keys in Personnel matters and what you do with vouchers and things.

Chairman Hirschmann replied lets try to stay on track. This is an orientation meeting here and I know we are getting way down the road. These guys are new. Lets bring it back to the forefront and start over.

Alderman Rivard asked what are we supposed to do here. Tell us what you want us to do.

Mr. Clougherty answered I want to bring to you, Alderman, the procedures, but what are you going to do with them. You've got audit findings here that are going to have an affect on your credit rating and on your ability to sustain these good bond ratings because there is no central clearinghouse. That is what your auditors are telling you. So I am telling you, as the Audit Committee, that first of all we need to do something about this. Now I don't know if it is this committee that needs to fix it or where you go to fix it, but it has got to be fixed and then I will bring in our piece through you guys and make sure that gets codified.

Alderman Thibault stated but this committee should probably bring something to the full Board and get it started.

Mr. Clougherty replied and then once you agree on it Alderman, then you can go from there.

Alderman Girard stated I understand exactly where you are coming from. You know where I sat for six years, I share your frustration but okay the reason for my motion to ask the Mayor to take a look at the Policy Review Committee is because it is something that needs to happen on a city-wide basis. It goes well beyond the policy jurisdiction of this committee, though we have our piece of policy making and we should know about that. I think the discussion has gotten too far afield here into the City as a whole as opposed to in particular for this committee. So the reason for my motion was I am not sure whether or not the Policy Review Committee still exists by Ordinance. I believe it does, but in as much as it does then the Mayor, I think, has got an obligation to say we have got to get this together and we have got to start this process. As a member of this committee and as a member of the Board I am more than willing to support that process and make sure that it gets underway. I think we are getting far afield here and I understand your frustration.

Alderman O'Neil stated I don't know if Alderman Girard's motion is appropriate from this committee.

Chairman Hirschmann replied I agree. What I was going to recommend to Kevin and to Alderman Girard is that both of you have good ideas and I think that I would like to see them both in writing to the full Board and then steer them in here.

Mr. Clougherty stated okay, so I will write a letter to the Board saying that I have met with the committee and we feel that we need to have a discussion, in order for us to do our job on the financial side, there has got to be this other piece and that is what is missing.

Alderman O'Neil stated some of these particular items that were addressed in the auditor's report are very appropriate in this committee, i.e. reestablishing interim reconciliation procedures, formalize regulations, etc.

Mr. Clougherty answered but I can't do that without this other piece and that is why I am telling you that we have got to do that.

Chairman Hirschmann stated when you bring that to the full Board it may get referred to both committees, Administration and Accounts at the same time.

Mr. Clougherty replied that is fine. I didn't want to go to the full Board without coming to the committee first and explaining what I was trying to do here because I am not trying to subvert or go around but somewhere there has to be this clearinghouse for all of these matters and that is the point. That is what you are

going to see from us is policies that hopefully can go through this process and get done.

Chairman Hirschmann stated I don't know if we want to take a vote or how we want to do this, but as to what we are going to do in this committee so that it isn't haphazard. Kevin just stated we want to work on revenues, we want to do the auditing, we want to have the Assessors report to us. The Assessors would like to come in quarterly. What I would like to try to do is build a format tonight. Can we, is there a motion, well we didn't even get to their piece yet. What we want to do is try to schedule and coordinate so that it is not a haphazard business.

Alderman O'Neil stated, Mr. Chairman, I don't think there is anything wrong with the Finance Department generating a two or three or four page report for us monthly so we can just see where things are tracking. I leave it up to the judgment of the Assessors as to how often they need to be in here.

Chairman Hirschmann stated we will get to them next, but for Finance do you want to make that motion that there is a monthly report provided by Finance to our committee.

On motion of Alderman O'Neil, duly seconded by Alderman Girard, it was voted that the Finance Department will provide a monthly report to the Accounts & Enrollment Committee.

Mr. Clougherty stated we already prepare, under Ordinance, monthly and quarterly reports and we will submit them to you.

Chairman Hirschmann asked quarterly is a definite by Ordinance right.

Mr. Clougherty answered both.

Chairman Hirschmann stated as far as Kevin's recommendation of an audit function or a review or an audit of a specific thing like overtime do we want to address that as it comes, do we want to do that quarterly, is there any point that you want to see the overtime of any departments.

Alderman Thibault stated that he would like to see that.

Chairman Hirschmann asked about the frequency of the report.

Alderman Thibault replied monthly. Actually it should be done before. It should be done before things happen not after things happen.

Chairman Hirschmann asked how do you do that.

Alderman Thibault replied as a rule if the Board is going to approve something to go on overtime for anyone it comes before the Board just the way it used to be done and we used to either okay it or disapprove it.

Chairman Hirschmann answered well the Department Heads have discretion over that. We can't stop them from working overtime.

Mr. Clougherty noted the Charter has changed.

Alderman Girard stated I would just be careful, I mean this is a policy committee. I don't want to see bills or overtime or anything before it happens so we can approve it. We are not the Departmental Managers. We give them a budget and we expect them to handle it within the budget and I don't think any of us have the time to sit down and review everything.

Chairman Hirschmann replied we are not a micromanaging committee, we are a review committee to see what happened. We are going to take a look at the snapshots of financial data and see what happened in those snapshots.

Alderman Rivard stated, Mr. Chairman, what I would like to see is I would like to see Mr. Clougherty send us a directive or an agenda of what he wants us to deal with, all the issues that are important to you (Mr. Clougherty) that you think are within our jurisdiction, what we should be dealing with. That is what I would like you to do.

Mr. Clougherty replied thank you, Alderman, because then if I could give you like a dozen of these things then you select and say all right generally this is what we want to look at. We want to look at cashiering. Great, we will go out and do the report and get back to you and then you can move along. That would be terrific.

Alderman O'Neil asked for an example of what would be under this auditing review we would want to take a look at on a monthly basis.

Mr. Clougherty answered I think you would want to look at the way money comes into the City for example. We would want to take a look at, you know, those departments that are collecting money. What are the procedures that we want them to follow, are they getting the money into the bank accounts on time and if they aren't, why aren't they and doing those types of reviews and bringing it to your attention so that we can bring in the departments and get everyone, again, to

be improving, not to blame them or to say they are doing anything wrong but to improve it. You may want to have them take a look at different procedures with respect to how we are going to go about accounting for different things. You know is someone accounting for something one way or the wrong way, those are the types of things we want to get into. So, I will give you a list of different items and then we can talk about each one of those and what it involves. You decide what you think is important based on the money associated with it and we will go out and report back to you.

Alderman Girard echoed Alderman Rivard's sentiments. I think that in the situation that we are in we have to rely on City staff to point out areas that we need to address. I just want to make sure that those areas are addressed to the Board of Aldermen and referred to this committee because that is the way the process is structured and I don't think we do the Board or ourselves any favor if we bypass that and have it coming directly to us.

Chairman Hirschmann stated I disagree with you. We can audit function anything we want in this committee without referring or requesting anything from anybody. I can ask for data and reams of it and audit it. That is what this committee is for. We don't have to ask permission to do this.

Alderman Girard replied you can ask for all the data that you want but if there are policy areas that you want to address, the way the rules of the Board are structured it has to be sent to the Board and then sent to the committee.

Chairman Hirschmann answered I disagree with you.

Alderman Girard replied well the rules are the rules.

Alderman O'Neil stated, Mr. Chairman, again I am going back to my previous time with the City and this committee was charged at that period with doing exactly what we have talked about. I don't believe anything has changed from 10 years ago. So I believe that, and maybe we need clarification from the full Board, but my understanding...

Chairman Hirschmann interjected everybody has a copy of what this committee is charged with on the first page. Now I don't want to cloud it up by saying the word policy or whatever. This is our charge and one of our charges is to audit function departments and expenses and revenues and we don't have to ask for permission to do that.

Alderman Girard replied no, I understand that. My point is that if there are areas of policy that we need to develop and issues that need to go to the Board.

Alderman O'Neil answered absolutely, but it is not the same thing.

Alderman Girard replied I know we don't need to ask the Board for the stuff that is in here from the Assessors or from the Finance Office and stuff to take a look at things that have already been spent. We don't need that, but on the policy issues they have to be referred here.

Chairman Hirschmann responded well I don't want to hear about policy, you know that is up there...

Alderman Girard answered well this is a policy committee, Mr. Chairman.

Chairman Hirschmann stated we want to do the work that has not been done in the past two years. The past two years we had this committee it was haphazard. We took business at it came, we didn't direct it. What I am asking you guys to do and to vote on tonight is to let's put forth what we are going to do. Don't have the tail wagging the dog okay so let's vote on the Assessors, when they are going to give us the report, when Finance is going to do it, when we are going to audit things...

Alderman O'Neil replied well you have had approval on those two things. The audit and the monthly financial statements, correct? If you want a motion with regards to the Assessor's I will second his motion.

Mr. Tellier stated that it was the import of our Board in recognition of the Mayor and Board of Aldermen's request to get these numbers before them due to budget issues, tax rate issues and matters of policies and decision before the full Board. The reason for us to go along with the idea of a quarterly report which was outlined, Alderman Girard, was the volumes of reports that you folks receive. We don't want to replicate redundancy. Four times a year would be very adequate for you for your budget process and at the time of the rate and to keep you abreast of what is going on. We would be happy to report as often or as least amount that this committee requires. However, January, April, with the tax year being April 1 to March 31, July and October would seem the most appropriate at this point.

Chairman Hirschmann asked him to repeat the dates again.

Mr. Tellier answered January, April, July and October and at any other time that this committee sees fit. We would support any time-frame.

Chairman Hirschmann replied I would agree with January seeing that you gave it to us, April makes sense, July I would like to move up so we don't get into the next budget year though. I would like to get that number and all that stuff ahead of time.

Mr. Tellier stated generally this Board sends a memo to the full Board of Mayor and Aldermen what the Board of Assessors feels that the net tax base will be that you guys use toward your budget process. It comes in around April and May which lends itself to your process for creating your budget.

Alderman Girard suggested that perhaps the reports be more frequent during the budget time and perhaps in addition to the quarterly reports that Assessor Tellier has suggested that we ask for one in June and May also because that is when the numbers start to solidify for the budget and the Mayor will have a number from them prior to his proposal.

Chairman Hirschmann stated just to bring back to the forefront of why those guys are even in this committee, in the past the Assessors Office was kind of quiet. Not that there was any cloak and dagger or anything going on, but they were just very quiet so a lot of Aldermen voted to refer them to this committee so the committee knows what is happening. In the year or year plus that they have been reporting to this committee, I assure you that everything is above board, the numbers are in a positive direction and if we keep a handle on it quarterly, I mean there are no abatements or any secret stuff.

Mr. Tellier stated if it pleases the committee what we probably suggest at this point is the quarterly reporting that we already would recognize. Also we fully have the intention of updating our books monthly and reconciling with the Finance Department on the overlay account and others so we fully intend to do our updating internally monthly. If it is the will of this committee or the full Board of Mayor and Aldermen, certainly with a reasonable amount of notification from the committee Chairman or the City Clerk from this board we would be happy to present the report at your request.

On motion of Alderman Girard, duly seconded by Alderman Thibault, it was voted that the Assessor's Office would provide the members of the Committee on Accounts & Enrollment with reports at least quarterly and at any other time so deemed by the committee.

Mr. Tellier stated I would like to turn it over to Assessor Nichols who develops the vast bulk of this report. If you would like, he can walk you through it briefly.

Mr. Nichols asked does anyone have any questions. If you look at the first page where we have our tax base, this is balance as of January 15, at \$3,723,600,600. If you look at your last page up in evaluation there it is the same. That is the report that is given to us from the Information System so they are both equal.

Alderman Girard asked which last page he was talking about.

Mr. Nichols answered the last page which is the Exemption Analysis Report and the first page which is the Tax Base Summary. It is the last small sheet. As you can see up on top that \$3,723,600,600 agrees with our total.

Alderman O'Neil asked about the three filings. Board of Tax & Land Appeals, is that BTLA, and local filings would be with you?

Mr. Tellier answered the local filing is by state statute, the preliminary step in filing for an appeal, a tax appeal.

Alderman Girard asked if the numbers represented abatements and value.

Mr. Tellier answered value, assessed value only.

Alderman Girard replied so this value has been abated on the report.

Mr. Tellier answered yes this is the adjustment. That is correct Aldermen. One last note, the filing period of 1997 does not end until March 1 of 1998 that is why at this point they have been trickling in. We don't have very many but at this point it wasn't deemed necessary to include them in the report as that filing period will not end until March 1, 1998.

Chairman Hirschmann replied so when you see us in April we can expect to see a lot of activity there.

Mr. Nichols answered we hope not because on your Evaluation & Summary Report we have 1995, 1996, there is nothing in 1997. Once the filing closes then we will start reporting out our 97's and what we have done.

Chairman Hirschmann stated I want to thank you for the past two years for what you fellows have done. I know that this is a lot of work putting this report together every month. These guys spend probably a day doing this report.

Mr. Nichols stated well our Clerk of the Board is very helpful to us.

Chairman Hirschmann addressed Item 4 of the agenda:

City of Manchester, December 31, 1997 financial statements.

Mr. Clougherty stated if you look at the first sheet, the Comparative Balance Sheets, what we are doing there is showing you how we are looking at December 31, 1997 as opposed to December 31, 1996 just to give you a point of reference. You can see that we are, at the bottom line, we are tracking really well. Remember that the audit report that we got for last year was pretty good. So, overall this is good news for the City that we are tracking well midway through the year. If you take a look up under Assets, there is a couple numbers I want to draw your attention to. You take a look at Cash, 33 versus 45, and Receivables, 21 versus 15. This year we have less Cash but more Receivables. The reason for that is the tuition billings didn't go out this year as soon as they did last year. That is just a timing thing and that happens. That is a major portion of what is happening there. Overall, the City is tracking fairly well this year to last year. If you take a look on the next page, it tells you by general categories where we are performing this year to last year. This is fiscal years we are looking at. You can see the increase and decrease column we have highlighted there for you just to give you some idea as to overall where we are tracking versus last year on a fiscal year basis. You can see that again we are doing pretty good as we did last year. It is the same type of economy out there, there is still the same amount of people buying cars, we get that same auto registration, we are seeing the same type of Federal and State dollars flow back and forth so we are doing okay at this point in time. Our expenditures, again, are about the same. It give a deficiency in revenues over expenditures but again I think that is a timing issue in terms of when bills have been going out and I think that is going to be overcome, but it is something we will watch in the next month and will want to take a look at so we highlight that for your attention. On the next page we tell you really what is happening with your individual departments and we break out their budgets and see what they have got left and available. Halfway through the year you would hope that everybody would have about half their money left, but that is not always the case. As you go through here some departments buy cyclical and have some things a little bit different than others and those numbers are reflected here. But again overall, most of the departments are fairing pretty well here. Some are a little bit over, some have spent a little less but everybody is pretty much targeting the same way that they have. The last page really tells us where we are with respect to cash. Have we got enough money to get through the end of the year. This is a report that Joanne prepares and if you take a look you can see that we break it out by the general fund in terms of investments. We look at Aviation, EPD and that tells you how much we have got invested with each department.

You can see that we are sitting on about \$68 million which should be enough to get us through the end of the year. We can tell you where those monies are invested. You know how much is in T-bills and things like that so you can get some idea that this just isn't money laying around we have got it invested someplace and it is real and it is available.

Chairman Hirschmann asked about the year that money was borrowed from TANS and whether it was reinvested into these funds and that is the \$68 million. Could you explain that to me?

Mr. Clougherty answered what happened when we did that was we went for 18 months. We funded 12 months out of taxes and borrowed the other and that is spread out over 12 years. The reason that we have \$68 million is that you used to go out and spend the money then collect it. We collect the money now before we spend it. That is all that we have done and that is the best way because you can tax less because you have that money and you can invest it and make money so you don't have to do as much. That is the theory and it is working. We haven't had to do short-term borrowing since we did that and that helps us to spend in a better way than what we were doing before. We were just paying interest now we can do it for services. You are right, Alderman, the reason we have a good fund balance or a good piece of money in the bank right now as opposed to in the past years where we would have half that if we were lucky is because of that change that the Board made to allow us to go ahead and that is why you have a good credit rating. They look at that and say yeah, they got money, they got obligations, it is working.

Chairman Hirschmann asked did that help you get to the AA.

Mr. Clougherty answered no question about it. It was cited every single time. That is the reason why we got picked up because they can see that we are sticking to the regiment of investing.

Alderman O'Neil asked what is REPOS.

Mr. Clougherty answered those are repurchase agreements. What happens is we have cash, the bank will buy that cash from us but when they buy it we make sure that they give us collateral in the form of Treasury Bills and we make sure that when they give us that collateral that they don't just move it from one of their branches to another, they have to record it at the Federal Reserve Bank and the Federal Reserve Bank calls me and tells me, well actually they call Joanne, and make sure that if we are loaning them or they are buying X dollars that there is more than that in collateral in our name at the Federal Reserve Bank so that if, for some reason they lose that money, we get the collateral. That is why we get a higher rate and we are getting probably the most competitive rate in the state right now.

Alderman O'Neil asked what would be a case where, or when would be a time that you would have money invested in CD's.

Mr. Clougherty answered CD's haven't been popular but it is mainly because rates change and economies change, but they'll have their day, they'll come back and we may put some money in CD's but right now we are not going to put them in when we can do these other things that are getting us a better yield and they are safer because we have the collateral.

Alderman O'Neil stated I would like to commend the Finance Department for an outstanding job. Certainly their work is heading us, not only heading us but has us in the right direction and I think Kevin and his staff need to be commended for their good work.

Mr. Clougherty replied the reason we got good audits and the reason we got a good credit rating is, in no small part, due to Joanne and Randy and all the people in my department, but it is also attributable to each one of the departments out there. When you go into the other departments and you see the Account Clerk and the Payroll Clerk, those are the people that are getting the stuff into the system on a timely basis and they deserve a lot of the credit too and they don't always get it, but they are a big piece of this. Thank you. I appreciate the compliment.

On motion of Alderman Thibault, duly seconded by Alderman Rivard, it was voted to accept the report from the Finance Department.

Chairman Hirschmann addressed Item 5 of the agenda:

Communication from the Finance Officer submitting a copy of a letter from UniFirst Corporation relative to the City's Procurement Code.

Chairman Hirschmann stated that he read Item 5 at home and invited Richard Houle, who has been involved in procurement in the City to be part of Item 5. He asked Mr. Houle if he got to see a copy of this?

Mr. Houle replied no.

Chairman Hirschmann asked someone to show Mr. Houle a copy of the correspondence. A dry-cleaning award that went out at one point, Dick, and there is a complaint letter from UniFirst saying that...it hasn't been out to bid for awhile and I guess Kevin has some comment on this.

Mr. Clougherty offered some background on this. They received this letter from this company and what they are saying is that under the current procurement code, if you have a contract with a company and they are performing well and they are willing to keep their rates you don't have to rebid it. This company would like to have that contract bid because they think they can do something better. They are saying, basically what we talked about earlier, that your procedures and your rules for how this is done nobody can tell them what is going on. When they called us we said listen this is what the policy has been, this is what the regulations are. I will be happy to take this letter and refer it to the City Solicitor to see if there is something that should be done there but it is my understanding that you may not have to bid this under the rule but that is not a Finance call that is something else. That is the background. So we sent it to the City Solicitor and we sent it to the committee just to let you know what was going on.

Chairman Hirschmann stated in the past session, in the past two years, Mr. Houle and myself were both very involved in procurement, as well as Kevin. I think that Dick will give you some different insight. I think that the policy really on the books, Kevin, is that it is supposed to go out to bid.

Mr. Clougherty replied that could be, Alderman, that is why I sent it to the Solicitor to get guidance on what I should be telling this company.

Mr. Houle stated that he was unfamiliar with the issue. He called Tom Clark and they spoke this afternoon to determine if it was a conflict between his office and my office in reviewing it. Mr. Clark got back to him and said there was not. He

suggested that Mr. Houle report back to the Board on this matter at the next meeting.

Alderman Rivard asked what he was going to refer to.

Mr. Houle answered well I don't understand what the issue here is.

Alderman Rivard replied well the issue is that we don't go out annually for a bid. There is a, in the Ordinance I believe, there is a clause that allows departments to extend a bid if, in fact, you are satisfied with the performance or if you think that you are getting a good deal. We exercised this at the Highway Department for years.

Chairman Hirschmann stated it is supposed to be for one year.

Alderman Rivard replied no, absolutely not. We do it for years. We have done it for several years. It eliminates going out to bid and chances of going up and increasing the price so if, in fact, there is a feeling from the department head and the commission in those days that we had a good deal we would extend the contract and execute it for another year avoiding the opportunity of maybe increasing the cost of doing business. That is what he is complaining about.

On motion of Alderman Girard, duly seconded by Alderman Thibault, it was voted to refer this matter to Mr. Houle and have him report back to the committee at the next meeting.

Chairman Hirschmann stated when you bring it back to us could you show us the Ordinance.

Mr. Houle answered yes, I will.

Alderman Thibault suggested that the Ordinance be sent prior so they can have some knowledge of that Ordinance.

Chairman Hirschmann stated, Alderman Rivard, what I would like to say is that even though someone's price for a commodity might be good, the fact that it keeps happening over and over it doesn't look proper sometimes and it kind of looks like it could be like a sweetheart deal or something like that.

Alderman Rivard replied I am going to suggest that Ted McCloud, the former Public Works Director and Frank Thomas who is the Public Works Director would have reviewed the process thoroughly and obviously would not have made that recommendation if, in fact, it didn't comply with the Ordinance. So there is obviously an opportunity to do that. Whether you choose to do that or not obviously is what you are saying it looks like some people are being overlooked okay. But it has been exercised several times while I was a member of the Commission and without question. I just want to say that maybe you have to take a look at it. Maybe it is not the correct thing to do but there is a provision that allows you to do that.

There being no further business to come before the Committee, on motion of Alderman Thibault, duly seconded by Alderman O'Neil, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee