

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

October 24, 2000

3:00 PM

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Levasseur (late), Pinard, Thibault, Lopez

Messrs: R. Sherman, S. Tellier, P. Porter, K. Buckley, J. Shaffer,
J. Desrosiers, K. Clougherty

Chairman Hirschmann addressed Item 3 of the agenda:

Discussion with Scott Bassett, CPA (McGladrey & Pullen, LLP) relative to the external audit.

Mr. Sherman stated Scott is not here. They have actually pulled out for a couple of weeks and will not be returning back until November 13.

Chairman Hirschmann replied your department has to notify me when they will be in town because they are supposed to get together with this Committee before they report to the full Board. I am going to write down that they will be in town on November 13. Is that a whole week they will be here?

Mr. Sherman responded they plan on being here for at least the rest of the month. I think we have the Board meeting on November 21 so we can schedule something around there.

Chairman Hirschmann stated Wednesday afternoon seems convenient for my Committee so maybe a Wednesday at 3 PM sometime before November 21.

Mr. Sherman asked do you want to schedule it now.

Clerk Bernier stated we can do it November 21 at 3 PM.

Chairman Hirschmann stated so he is going to report to us on the external audit and another thing that was supposed to have been fed off to him was an audit of BIP money so he will report to us on that as well.

Chairman Hirschmann addressed Item 4 of the agenda:

Review of report by the Board of Assessors.

Mr. Tellier stated with me are Assessors Paul Porter and Tom Nichols. Regretfully, we are still undergoing auditing functions within the HTE software by the City. The good news is that we are approximately \$7 or \$8 million over the Assessor's projection so what we are talking about is a net valuation range approximating \$3.83 billion or somewhere in that range. We still have inconsistencies in the exemption analysis report that leads us to do a lot of further review. Information Services is working diligently to arrive at that number. As you all know, part of what the Department of Revenue Administration needs is the MS-1 report that the Board of Assessors puts forward so we are under the gun to provide that form in a timely fashion, which is our goal.

Chairman Hirschmann asked so all of the value has been added.

Mr. Tellier answered yes.

Chairman Hirschmann asked other values have been detracted but you just can't tell us because of exemptions what is going on.

Mr. Tellier answered it is the exemption report, Alderman. Our valuations are pretty consistent within our valuation software and the HTE software. We have them matching. There is a number of inconsistencies in the reporting modules that HTE accomplishes that we are just a little uncertain of right now and until we get it \$1 for \$1 amount, we felt that it would be very unprofessional to put something in writing to this Committee until we can do it with a certainty. The three of us are very certain of the value range for the net tax base and within about \$1 million. However, an exact amount we don't have at this very moment.

Chairman Hirschmann asked you realize that this meeting was set so that we could make a report to tomorrow night's meeting.

Mr. Tellier answered we do realize that, Alderman. Ultimately, though, it is our responsibility and our duty to get every piece of value in for this tax year, which we did. We do regret any inconvenience regarding the HTE reporting problems that we are encountering, but we are in the black higher than what our own estimate was. We have good news. We just felt it prudent and responsible not to put something in writing that we couldn't verify without a doubt. We anticipate these problems to be cleared up within the next 24 hours. We are going to be diligently working on it. We have it very close, but not quite to the amount that

we could prepare for this Committee. As soon as it is done, we will deliver that report to your homes, in advance of the meeting tomorrow evening if at all possible.

Chairman Hirschmann replied that doesn't help. We are supposed to make a report from this Committee to the Board tomorrow night. What we will do is recess this meeting until tomorrow and we will meet before that meeting and you will report to us.

Alderman Lopez stated I know you might not have the final report, but you are indicating \$7 million more than you projected, which was \$3.823 billion so that brings you up to \$3.830 billion and ours was \$3.849 billion. What is going to change in the next 24 hours?

Mr. Tellier replied only the factual certifiable number.

Alderman Lopez asked if it is coming in with the number that you project and we have an operating budget based on the \$3.849 billion and that is 16 cents for the taxpayers and working with the numbers you have are you indicating that there would be nothing for the taxpayers. The 16 cents would be wiped out if we have to go? The second part of the question would be if we were to make that up in the budget, how much money would we have to cut from departments in order to make that up?

Mr. Tellier answered in the memo that we sent out a short time ago, had we had just our valuation number it would have been 21 cents, but using the valuation that we project and looking at the budget, we are looking at still coming under last year's tax rate of \$30.49. We are still coming under that.

Alderman Lopez asked to what.

Mr. Tellier answered probably a couple of cents under. That is disregarding any increased revenues that we are not able to report on.

Alderman Lopez asked how much money...if we were to stick with the operating budget what would that calculate money wise that we would have to make up to make the projection of \$3.849 billion.

Mr. Tellier answered I don't have that right now. When we figured it out, if we would have come out to the \$3.823 billion it would have been about \$800,000. It will be less than that because we have a higher increase in the projected net tax base.

Mr. Porter stated it will be between \$550,000 and \$600,000.

Alderman Thibault asked are you saying, Steve, that the revaluation is now done.

Mr. Tellier answered no the revaluation. That is completely separate. We are talking about this year's new construction, alternations, etc. The revaluation, the notices should go in the mail in June and people will be receiving them and scheduling appointments in July. We will be reporting back to this Committee on the revaluation as it goes along.

Alderman Thibault asked do you think there is a chance that you might be able to give us an update as to where we are at right now before the meeting tomorrow night.

Mr. Tellier answered we have ever reason to believe that will happen. We are very close now. Again, the only reason we don't have anything on paper for you is because we can't certify it beyond a reasonable doubt. We are still reconciling several different reporting modules in HTE and we are about \$1 million off. Until we have that certified, it would have been very unprofessional of us to put something down on paper.

Chairman Hirschmann asked if I have a list of properties and I want to know if they are included in this update, who in your office could answer that.

Mr. Tellier answered any one of the members of the Board could answer that question.

Chairman Hirschmann asked how about the new Bonneville garage that was built up on DW Highway. Is that in there?

Mr. Porter answered no. What was there April 1 is what is being taxed.

Chairman Hirschmann asked so when does that get changed.

Mr. Porter answered in 2001.

Chairman Hirschmann asked they get to occupy for a whole year in that new building. It is probably a \$1 million building.

Mr. Porter answered we tax whatever is there April 1.

Chairman Hirschmann asked so anything after April 1 isn't included.

Mr. Tellier answered that is correct.

Chairman Hirschmann stated so we have a \$1 million Bonneville building that is not included. How about the Rite-Aid on Cilley and Willow? They just opened their doors two days ago?

Mr. Porter replied that is in there. That was finished last December.

Chairman Hirschmann stated CVS on South Willow wouldn't be included. How about Staples on South Willow?

Mr. Porter replied that is not included. It will be next year.

Chairman Hirschmann asked how about in the Mall of NH parking lot. The Long Horn Steakhouse?

Mr. Porter answered TGIF is on and the Long Horn Steakhouse is not.

Chairman Hirschmann asked what about Dunkin Donuts on Eddy Road.

Mr. Porter answered that will go on next year.

Chairman Hirschmann asked what about Brady Sullivan on Elm Street.

Mr. Porter answered that is about 70% assessed. As of April 1, they were in that position.

Mr. Tellier stated the level of vacancy and the level of occupyable space...it is what exists as of April 1. There were several floors that were metal stud only and Assessor Porter went out there and shared with us what he found as of April 1. You can't tax them for what doesn't exist.

Mr. Porter stated on April 1 they were half full. They had two and a half floors occupied and the rest was at various levels of construction.

Chairman Hirschmann asked what about the Gateway buildings.

Mr. Porter answered that will be done next year.

Chairman Hirschmann stated the Cotton Club, that just happened so that is not in here. Margaritas probably doesn't count. So, I have 12 things worth millions of dollars that is not in this and because of RSA's it will not go on until the next valuation. Talk about a free ride.

Mr. Tellier replied it is not different than the cheap seats and the expensive seats at a stadium, Alderman. Sometimes they are only separated by three feet, but you might see 40% difference in the ticket price.

Chairman Hirschmann responded when constituents call our homes and ask us how come millions of dollars of projects are being built and I tell them they are not on the tax base yet, I want to know the right answer.

Mr. Tellier replied the RSA stipulates it is as of April 1. The tax year goes from April 1 until March 31.

Chairman Hirschmann stated nine properties out of 12 on my list aren't going to be included in this year's tax base. Does anyone else have a question for the Assessors?

Alderman Levasseur asked what was the reassessment on the Hampshire Plaza. Did you drop that assessment down?

Mr. Porter replied no.

Alderman Levasseur stated the rumor is that it was dropped \$2 million. Is that just a rumor out there?

Mr. Porter asked this year.

Alderman Levasseur answered whatever.

Mr. Porter stated there was a reduction a couple of years ago.

Alderman Levasseur asked of \$2 million.

Mr. Porter answered approximately.

Mr. Tellier stated we will recover a tremendous amount of value as a result of the revaluation.

Alderman Levasseur asked what about the Nynex building.

Mr. Porter answered it is fully assessed. It is about \$22 million.

Alderman Levasseur asked how far are you up from Granite Street north. How much of your assessment have you done?

Mr. Tellier asked for revaluation.

Alderman Levasseur answered yes.

Mr. Tellier stated we are in the data collection phase. We are about 80-85% complete. We anticipate sometime in December that all of the properties in the City of Manchester have been visited and the initial data has been collected. Then, there is a number of recalls to those homes that we haven't gotten into. Then, there is a valuation phase. That would encompass looking at all of the homes that have sold and analyzing those homes and sending out income and expense forms to all of the commercial and industrial properties.

Alderman Levasseur asked of the 85% that have been visited, what percentage of that will you guys have done before...when do we need it done by for it to be on this year's numbers.

Mr. Tellier answered nothing. That is a separate issue altogether. All of the new value that was done as of April 1, 2000 is in the system now.

Alderman Levasseur asked so the 85% that were visited...

Mr. Tellier interjected that is separate and will be encompassed in next year's revaluation. The initial value should be out to everyone...every property owner should get a notification of value in June 2001. The hearings will be in July 2001 and the Board of Assessors will be accepting that total value with the blessing of the DRA after we are done analyzing and auditing all of that sometime in September for the November billing period.

Alderman Levasseur stated I missed the first couple of minutes of the meeting. How are we looking for our projections so far?

Mr. Tellier replied our recommended increase was about \$25 million. We are actually going to be around \$30 or \$31 million over last year's net valuation. A lot of properties are not on the roles as of April 1. A lot of value is not on the roles because it was done after April 1.

Alderman Levasseur asked so your number was \$25 million. What was the number that the Aldermen came up with?

Mr. Tellier it was \$3.849 billion. We will be about \$3.83 or \$3.831 billion.

Chairman Hirschmann stated the reason that this meeting was called was because the closeout was happening on October 20, which gave the Board of Assessors 10/21, 10/22 and 10/23, three days, to compile the report. I don't think anyone knew that it took 72 hours or better to put a report together but I am sure they will have it for tomorrow night so that people will have twinkles in their eyes.

Mr. Robinson notified the Committee that the Special Board meeting scheduled for tomorrow night has been cancelled and rescheduled for next Wednesday, November 1 at 5 PM.

Chairman Hirschmann addressed Item 5 of the agenda:

Introduction of Mr. Kevin Buckley, Internal Audit Manager.

Mr. Sherman stated Kevin is Todd Provencher's replacement. Kevin worked at the State as an auditor for approximately 10 years. He is a CPA and has a Master's Degree. He has been working for us for three weeks. He is dealing with the auditors and wrapping up a couple of things that have been left undone. He started working on the Intown audit. We have bids in on the health insurance audit that Kevin will be overseeing. He is also trying to wrap up fixed assets for us at this point. Certainly, we are starting to get the audit program back up and running as we were six months ago. Mr. Buckley is here to answer any of your questions at this point.

Chairman Hirschmann welcomed Mr. Buckley and introduced himself and the other Committee members. You are lucky enough to come into a Committee that has already set goals for you. You will report to this Committee. We meet monthly. I don't know that you would come in monthly, but I would expect that as you complete audits or you want to report to us, you would scratch things off the list. I am sure Randy will give you other tasks and the Mayor's Office will give you tasks and maybe even the Clerk's Office. Who knows?

Alderman Thibault asked, Randy, how long do you think it would take for him to get up to speed to be able to regularly give us an update as to where we are at or where he is at.

Mr. Sherman answered he has done pretty well so far. Mainly because he has the background. Right now, the main goal is to get the external auditors in and out so probably it will be through the end of November before we can really start getting into the audits. As I said, the RFP's came in yesterday on the health insurance audit so Kevin will pick that up and start going off on that. As you recall, that was something that we had budgeted \$2 million for to potentially bring money back into the City so that is a major item. Again, there are a few miscellaneous items that we need to wrap up. We have the Intown audit going on as well.

Alderman Thibault asked can you give us a figure. One month? Two months?

Mr. Sherman answered I would say probably towards mid-December of the first of the year.

Alderman Lopez asked, Randy, awhile back you provided a list of priorities for the internal audit. We have never looked at it. We have never prioritized that particular list because you had the Assessors as number one and in my opinion I didn't think that was a priority in comparison to some of the others that were listed there. Let's look at the Assessors right now. They are going through a process and if anybody is going to be up-to-date, they are going to be up-to-date. As you review the list there, maybe you could report back to the Committee before he starts going out to these departments to make sure that the Committee is agreeable on the priority list itself. The second thing is there was some confusion to a degree about the audit for Intown. Could you tell me exactly what you are doing?

Mr. Sherman answered we have talked to the folks at Intown on a couple of occasions. What we are actually doing at this point...we have been provided the financial audits that were done at Intown and we looked at those and said that really doesn't answer the questions that we have, so at this point what we have asked their auditors to go back and do and they have agreed to have their auditors do it and they are going to pay for it is actually to go back and do what we call a compliance audit. They are actually going to go back through the loan program and make sure that every loan or grant that has been given is meeting the criteria that was set. Now, Kevin is going to give them a list of some specific things that maybe we want them to look at that maybe through a plain compliance audit you wouldn't necessarily find. Something maybe as simple as here are the boundaries. It may be fine that you have given this company a grant, but are they within the boundaries of the program. It is things like that that maybe their auditors wouldn't pick up on. Issues like our procurement code. Maybe they don't have a procurement code but maybe that is more of a management type issue rather than a non-compliance issue. Another one is maybe a follow-up of...you know they gave a \$3,000 grant and did they ever go back and verify that they spent \$3,000?

Again, compliance wise it may pass muster, but if you dig a little bit deeper maybe there is a problem there. Again, where you are dealing with the money that you are dealing with, we think you need to go that extra step and Kevin is going to develop a list to give to them to say okay sign here and go back and do a compliance audit but we need you to go this far and if you don't feel you can go that far then we will come in with Scott Bassett and go over the extra stuff.

Mr. Buckley stated what I would like to do is actually develop my own audit plan and hand it to them and say if I was doing the audit this is what I would be looking for and this is what I would like you to look for and see what they would be willing to do.

Alderman Levasseur stated this is not what we hired an internal auditor for. Are we going to let them audit themselves? They have done it once themselves already and you are going to have a compliance audit go in there so they can sit there and explain to their auditors and get their stories all straightened out? That is what we have this gentleman here for. It is not supposed to be so they can go and do their own compliance audit.

Chairman Hirschmann replied they are a separate entity.

Alderman Levasseur responded they are using public funds.

Chairman Hirschmann stated I understand that. That is why we requested the audit because they are using public, tax-paying funds but they are a separate entity so we have to interact with them through Kevin. Like he is saying, he has to put a compliance sheet together. In his random samplings he is probably going to find that there were grants given outside the boundaries and there were grants given over and above the limitation and that there were sweetheart deals given.

Alderman Levasseur replied I am not saying that. All I am saying is that from what I have seen on the surface we don't need to go out and charge Intown a whole bunch of money to do another audit.

Chairman Hirschmann responded we don't have the authority to just walk in their doors.

Alderman Levasseur stated that façade money is federal money that comes from CIP to this organization. That is the money that they are auditing. They are not auditing the tax money that they raise from the property owners. They are talking about a separate amount of money that is public funds completely and you are talking about \$120,000 over four years so \$480,000. It is not very difficult because there have only been 12-15 projects per year. It shouldn't take him a very

long time to read through each of things, look at the check register, see who has been paid and what has been done. Now we are delaying this process again and we still haven't even figured out what we are going to do with the boundaries and stuff. A perfect example is another thing I went through yesterday. Neighborhood Housing Services just got a façade for \$3,500 and I know at least 10 other people who were ahead of them on the "wish list" who said we want money from the façade program. Now I don't know how they got jumped way ahead of everybody else but it is not fair. I talked to another person yesterday over at Tri-State Amusement. He was ready to go with \$10,000 to do the façade program. He put in his application and he never heard from the people over at Intown again and he never painted his building and he never did the sign. So, people are being jumped ahead of each other. Now, you are going to be giving them an opportunity to go and get their own compliance audit. That is completely...you know that is not what we are supposed to be doing. We are supposed to be auditing on our own.

Mr. Sherman stated the Committee voted to ask us to do an audit but in the discussion at the Board level there was some reluctance to do the audit at all and they said just get their financial statement and take a look and see if that answers the questions that we have.

Chairman Hirschmann replied this Committee is the one that requested that audit and this is where it is staying. This is going to be reported here. If want to report out of this Committee, we will make it out of this Committee.

Mr. Sherman responded but the Board did authorize the audit.

Alderman Levasseur asked when was the last time that you guys actually went to the full Board for an audit. Alderman Hirschmann stated that not once in five years has that been put on the Board agenda so what kind of monkey games are being played there?

Mr. Sherman answered I didn't ask for it to be on the agenda.

Alderman Levasseur asked well how did it get there.

Mr. Sherman answered it ended up being a Committee report and maybe Leo or someone in his office can answer that better, but it did go to the Board.

Alderman Lopez stated even at this very point there is confusion here and that is exactly what the full Board and I know a couple of Aldermen said we are not doing a complete audit because there are certain obligations that Intown has. I think what you have here is Finance and the point that Alderman Levasseur made regarding the façade program but by what authority are you going to go into a

non-profit organization and tear them apart. They have complied with the agreement and if you are not satisfied with the agreement on the Federal portion of it...to go back to what Alderman Levasseur said what is an audit guy if the Board over there decides that they going to do Mike Lopez's building over Levasseur's building going to do about that? He has nothing to do with that.

Chairman Hirschmann replied I like the direction that Kevin Buckley is taking. He wants to put together a letter of compliance. Did you comply with Rule 1, 2, 3, 4, 5, 6, etc. Ten different components of running the program. Did you give the right amount of money? Did you give it to the right district? He is going to ask the appropriate questions. They will look their books over and report to us.

Alderman Lopez responded I like that too.

Alderman Levasseur stated I don't like it. I think you should order all of those documents be brought into this building.

Chairman Hirschmann stated part of his compliance can be...if you want to talk to Kevin about what he is going to ask for, if you want to ask for payments or...

Alderman Levasseur interjected I requested just a simple little check register and I haven't been able to get that from those people. I have requested all sorts of documents that I haven't been able to get. Randy Sherman has requested documents to them and they have stonewalled him on a few occasions. This is something that keeps going on and on and on and it is not being taken care of. We have been waiting for this internal auditor for six months to get this out of the way.

Chairman Hirschmann stated what he is proposing is a step above what was talked about at the Board level. At the Board level they were going to accept their auditor's report. This goes beyond that and they are going to redo the whole thing and come back to us.

Mr. Buckley stated we are still going to use Vachon. I am going to give them the compliance points. I am going to sit down with their auditors and talk to them. Vachon is an independent auditor. They don't work...even though there is a little line there where they are getting their bills paid, they don't work for Intown and they will be working for us on this engagement.

Alderman Levasseur asked is Vachon their yearly auditor.

Mr. Buckley answered yes it is.

Alderman Levasseur stated I have read their audit reports. They follow exactly what the minutes say and what the minutes say is exactly what they say. There is no difference.

Mr. Sherman stated that is why we are going to ask them to go back...

Alderman Levasseur interjected for \$2,500 a year I don't think they are doing a thorough job.

Mr. Buckley stated the scope of their audit, though, is specifically financial that we have been asking them to do up until this point. If you ask them for a compliance audit, you are going to get a much different report from what they have been doing. If I can pick the points for them based on your concerns, I can tailor an audit program for them so they will look at what your concerns are and I think I might be able to get the product out of them that you are looking for.

Alderman Levasseur stated another thing is you allow them to do their own audit so they do it on their own timeframe. Thanksgiving is here, Christmas is here, New Year's is here, and now those elections are coming up. When is the audit going to be done?

Alderman Lopez stated I like the idea that the auditor has. Put the letter together and could you provide the Committee with a copy so that we know what you are doing?

Mr. Buckley replied absolutely.

Chairman Hirschmann stated if there is any Alderman on the Committee who wants to interject something into his compliance, please call Mr. Buckley at his extension. He works in the Finance Office. What we are going to call this, Kevin, is a working document that members of the Committee can call you with.

Alderman Levasseur stated I would at least ask this Committee to ask Mr. Buckley to at least get copies of all of the documents that are being audited and keep them in the office so that we can peruse them. Simple things like a check register...Fran Ciolla from the Advisory Board has asked for the same documents and they won't give her them and she is on the Advisory Board.

Alderman Lopez asked is it legal for us to do that.

Mr. Sherman answered within the contract that you have with Intown you have the authority, you have the right to audit.

Chairman Hirschmann stated they should as a goodwill gesture annually account for the money they accept. It is public money.

Mr. Sherman replied I think part of what Kevin has to do to is meet with Bob MacKenzie and find out what his office has. They may have information that the Aldermen might like to see.

Chairman Hirschmann stated I will let you go but I want to bring up one thing. One of the things on the list for audits was fleet management and our fleet system vehicles. I want that to be a top priority. I put that on the list personally. We have 28 departments, several authorities and corporations and there are so many fleet vehicles around and there is no fleet manager for the City. There is no accounting other than the department heads account for their own assets at this point. We need recommendations on a centralized tracking system.

Mr. Buckley stated you are talking about an areas of performance type audit where you have a scope to set some measurable points.

Chairman Hirschmann replied we want to know how many vehicles we have, where are they, are they registered, how much gas are they using, who is in possession of them, are they being used in the day or night, can they be shared, etc.

Alderman Thibault stated we did that years ago. I don't know if we still have that report.

Alderman Pinard asked, Kevin, you worked for the State. How do they control all of their vehicles?

Mr. Buckley answered they have centralized purchasing of everything for the State, including vehicles. Large agencies like Fish & Game will buy all of their vehicles in one group. They will send the specifications in to Purchasing and Property and they send it out to bid. The P&P Department gets all of the bids and evaluates them and purchases the vehicles. They are then transferred to whoever wants them. Everyone is responsible for their own vehicles, but anything having to do with maintaining, purchasing or whether or not you should have one is controlled by Administrative Rules. It was something that as auditors we checked every time we went into an agency. We would look at all of their vehicles and see if it would be cheaper to have someone use their own vehicle and give them a per mile amount. There was also a minimal amount of mileage a vehicle should be used every year and if it didn't meet that minimum amount P&P would take the vehicle and give it to somebody else.

Chairman Hirschmann replied that is great information. That is what we need.

Alderman Pinard stated I work part-time for the DOT. Now they are probably one of the largest departments with vehicles. Do they have traceability on who has what?

Mr. Buckley replied the State knows who drives what vehicle. If you drive a vehicle part-time and you are the only one who drives it, they know you drive it and how many miles you put on it and if you are using it to go back and forth from your house you should fill out a Federal tax form so that they can tax you on that.

Alderman Pinard stated maybe we should adopt some of the stuff that the State is doing regarding our fleet in the future.

Mr. Buckley replied I will look at that.

Alderman Thibault stated this was done 12 or 14 years ago. We got all of the information through the Fleet manager that we had at the time. I am sure that the report is somewhere. Maybe in archives, but it has to be someplace. It was a comprehensive report as to exactly what they found for all of the City vehicles. There were some recommendations made as to what we should do that was never adopted by the Board. That was at least 14 or 16 years ago.

Clerk Bernier stated December of 1987.

Chairman Hirschmann replied I will be looking for something more current because all of those vehicles are retired, obviously.

Alderman Levasseur stated I have a question concerning the Mayor's request for a snapshot on November 15 of every department in the City. The statement has been made that the Schools will probably not be able to come through with that. Obviously, they can't even make it to the meeting tomorrow night, but what is that going to do to all of the departments. Is that going to be a problem?

Mr. Robinson replied that statement is not true. They will probably have a number by November 15.

Alderman Levasseur stated well we thought they would be ready for the meeting tomorrow night, but they are not ready. I am asking you is that an okay thing to do.

Mr. Sherman replied the other departments should be able to do that because the bulk of their expenses are salaries. For the most part, it is a pretty predictable thing for them, especially with Yarger Decker where you have built-in rates.

Mr. Robinson stated I have already received two of them.

Mr. Sherman stated I think the hardest thing is if they have anything of a capital nature. Maybe somebody like Frank Thomas hasn't had time to really think about how many roads or sidewalks he wants but he has numbers in his budget this year.

Chairman Hirschmann thanked Kevin Buckley for coming.

Chairman Hirschmann addressed Item 6 of the agenda:

Communication from Guy Beloin, Financial Analyst II, relative to preliminary financial statements for the year ended June 30, 2000.

Mr. Sherman stated these are the numbers that we gave the auditors back in September when they first came in. Again, we are dealing strictly with the general fund here. There are some items that have come up, for example the action the Board took at the last Board meeting when they decided that they didn't want to charge School the interest on the chargebacks. That is not reflected in here at this point. If you go to Page 2, the City and we are not talking the School here. These are strictly the City side of the operations. If you look down at the bottom, we actually had a very good year on the City side. We met all of the non-tax revenues and exceeded by close to \$2 million. Tax collections actually on a percentage basis exceeded last year and that helped your fund balance. The departments did an excellent job as far as keeping their expenses down.

Chairman Hirschmann asked are you talking about excess of revenues over expenditures. It says \$5 million. Tell me what you are talking about.

Mr. Sherman answered that is \$5 million. Part of that again is because our revenues came in higher than budget.

Chairman Hirschmann asked so last year we only had \$1.4 million so we are doing outstanding is what you are telling me. We are doing three times the amount of revenue?

Mr. Sherman answered we had a good year. I want you to go to Item 7. Item 7 is current year.

Communication from Guy Beloin, Financial Analyst II, relative to the financial statements for the three months ended September 30, 2000.

These are the same reports that you have seen in the past. Again, you are about 25% of the way through the year. If you look at Page 1 of Item 7, the very bottom right hand number shows that you have 70% of the budget left. Again, keep in mind that departments like PBS have put a lot of encumbrances in their janitorial contract so they tend to expend numbers a little bit faster. I think those numbers are excellent at this point. Spending is in line. If you go to Page 2 and Page 3, they are both revenue reports. Again, the 81% on the bottom right hand corner is the number for revenues which are actually healthy. Again, a lot of our revenues are Federal revenues so they come in lumpsum during the year. Through September we don't have any of those yet, so the fact that we are close to 75% is good.

Chairman Hirschmann directed everyone's attention to Building. They have \$467,000 in revenue at this point after one quarter. That is outstanding. They are only budgeted for \$1.2 million. I was really pushing to get them up to \$1.4 million in the budget process. It is starting to look like they could have done that. That is good. We will meet the number.

Mr. Sherman stated what I would like to pass out is at the last meeting and I apologize because this wasn't on the agenda. If you look at the date and time, Guy finished this about 20 minutes before the meeting. At the last meeting we were asked to put together a different type of report. Let me walk you through this. This actually was derived from the third page of the quarterly report that we were just on. What we did, and this is dealing with the non-property tax revenue, is we put the actual FY2000 revenue, that is the first column. If you look at the bottom, that was \$32.9 million. What you budgeted for FY2001 is in the next column. You budgeted \$34.47 million. The next column shows that you are up \$1.5 million. What the next four columns do is take your three-month numbers and compares them. What that shows over in the right hand column is you are actually up 10.63% at this point in the year. This is the report that I think you asked for at the last meeting so that you can start to see the trends.

Alderman Levasseur asked are we actually up \$626,477.

Mr. Sherman answered as compared to last year at this time. You budgeted \$1.5 million for the entire year so if that trend continues, you will hit that \$1.5 million. Actually, one of the key numbers that I think is on here is auto registrations. They are already 7% ahead of last year. You had actually budgeted a decrease from the actual.

Chairman Hirschmann stated you are head of me. You jumped into FY01 and we didn't finish FY00 yet. I want information that has to do with School. School is not included in Item 6 and we still have no information on the deficit.

Alderman Thibault asked, Randy, the increase in registration, could it be from the Airport rental cars.

Mr. Sherman answered it could be. The beauty about auto registration is it has a built-in escalator. Assuming that people keep rotating their cars, you are taking something off the bottom and bringing in a more expensive one to replace it. The rates don't even have to change in order for you to do this. Unless you have a downturn and people just stop buying and replacing, it tends to just grow.

Alderman Lopez stated I went to the City Clerk convention and they were talking about auto registration and that it seems to be a major problem in this State. Did you get any feedback like this at your conference, Ms. Porter?

Ms. Porter asked in what respect.

Alderman Lopez answered they were talking about the fact that you have to have the actual registration form in order to register a car.

Ms. Porter stated the Tax Collector's Conference doesn't address that because most Tax Collectors don't do auto registration. It is the town clerks. Pat did go to the conference and I talked to someone from the State about that and he said that the problem is fraud throughout the State and that is not necessarily a revenue issue but a fraud issue where if it is a 1988 or older you don't need a title so people were coming in with a bill of sale throughout the State, registering the car throughout the State, but the car never actually came into the State and then they would take the registration from NH into another State and sell it. In order to eliminate that, basically what they were saying is that in the State of NH it is too easy to register a car that is a 1988 or older because we don't title them. We title 1989 and newer. Right now the State is leaning towards titling cars for 15 years. That is why 1989 has not been dropped and it won't be dropped until it reaches 15 years. By the time it reaches 15 years, I would anticipate that they will be heading towards titling every car.

Alderman Lopez asked so that doesn't affect revenues.

Ms. Porter answered no.

Chairman Hirschmann asked on Item 6, what is the general fund balance number.

Mr. Sherman answered go back to Page 1 of the balance sheet. The entire bottom third there are reserves that we have. The undesignated fund balance and this is as of September, was \$4.29 million.

Chairman Hirschmann asked so just for that fiscal year we had \$4 million in excess.

Mr. Sherman answered no, actually that is a cumulative balance. If you want to see just the current year, you would have to go to the next page. That would be the third item up from the bottom, which means we have added \$8.3 million to our equity position. That \$8.3 million gets allocated between all of those fund balances.

Chairman Hirschmann asked so where it says excess deficiency of revenues and other financing sources, there is an \$8.3 million fund balance.

Mr. Sherman answered that is what was added to our equity, yes.

Chairman Hirschmann asked for year 2000.

Mr. Sherman answered yes.

Chairman Hirschmann asked what were we expected to have for a fund balance.

Mr. Sherman answered typically we budget so that we end up with zero increase, but again you spent less and collected more. We didn't have anything working negatively this last year.

Chairman Hirschmann asked so even though the Assessors are telling us that the base isn't going to grow, that \$25 million, we have \$8 million that could impact the tax rate for next year.

Mr. Sherman answered no because part of that gets allocated out. What you have is \$4.2 million, but there are some precautions that I would warn you about on that \$4.2 million. Mainly the fact that we have a problem with the tax billing system. We have been off about \$1.5 million as to what the system has been telling us and what the general ledger has been telling us and we have been working for almost six months now trying to narrow down what that number is.

Chairman Hirschmann asked why. That is a big discrepancy.

Mr. Sherman answered it is a big discrepancy and I think we have a problem with the beginning balances that came in and I think we have some posting problems where things weren't going the right way. Jennifer is working now trying to go back and figure those out.

Chairman Hirschmann asked so that \$4.2 million excess, you trust that to the point where you can deduct \$1.5 million from it.

Mr. Sherman answered I would say what you have there is \$3 million and that is before we get the impact from the School Department.

Alderman Lopez asked in the fund balance that you are speaking of, during the process of the budget for FY01, was there any calculation that you would have a fund balance.

Mr. Sherman answered yes. We had put in \$1 million to apply against the tax rate.

Chairman Hirschmann asked when will you have a reconciliation of that \$1.5 million.

Mr. Sherman answered we are working on it every day and at some point when Scott is here, he is going to have to make a decision on how he wants to handle that. He may do one of two things. He may say leave it on your balance sheet as an unreconciled item. In the overall scheme of things...

Chairman Hirschmann interjected how old is it.

Mr. Sherman answered it is just since last August. It is just since we did the conversion in August. The good thing is that it hasn't moved a lot. We haven't seen a lot of movement in the number in the last four or five months so we think we have stopped the bleeding. We just have to figure out where all of the blood has gone. At some point, Scott is going to have make a decision. He is either going to have us hit our income with it and write it off or he is going to say leave it on there and we will leave it there for another year and see where we are at that point. We won't know that until the end of November as far as what he is going to have us do with that number. I would be cautious with that \$4.2 million. In the worst case, you are at \$3 million before the School impact.

Alderman Lopez asked would that \$250,000 be excluded from that too.

Mr. Sherman asked the interest, that is still in there and that has to come out of there too. The reason it is not a \$1.5 million impact is because some of that \$1.5 million is county and it doesn't impact us.

Alderman Levasseur asked what do you estimate the impact of the School is going to be. You are on the Deficit Committee aren't you?

Mr. Sherman answered no.

Alderman Levasseur asked you don't know what their number is yet.

Mr. Sherman answered I have seen their tax rate setting for it, but I haven't seen anything else.

Alderman Levasseur asked so they are going to be coming to us to help them out with that number and we are going to have to give them that out of the City side.

Mr. Sherman answered I think that goes back to that \$1.4 million.

Alderman Levasseur stated we came up with that \$1.4 million in savings through the Mayor's...

Mr. Sherman interjected right so that is in that number.

Chairman Hirschmann stated we are going to go on to Item 7 and let you finish on the first quarter from July, August and September.

Mr. Sherman stated we did develop this new report that we will be providing to you as part of the package going forward.

Alderman Lopez stated as you are well aware, the Human Resources Committee and the Board of Aldermen passed the leave structure of those people who we gave more additional leave to. Is there going to be any increase or did any request come in for more money to be put into the budget or HR for that?

Chairman Hirschmann stated it would come out of their budgets.

Alderman Lopez replied yes but there was a question about the Fire Department.

Chief Kane stated it is early yet but usually when we anticipate a problem we contact Finance ahead of time and go over it with them and they usually have us wait until the end of the year to see how the balance is going and take care of it

then. Certainly it will be an impact but we have eight months left to figure out what we are going to do.

Alderman Lopez replied that is the thing. You have eight months but in the 11th hour you come in and ask for \$26,000...

Chief Kane interjected again we routinely ask ahead of time and we routinely and I am sure Randy will back us up on this but we are advised to wait until the end of the fiscal year.

Alderman Lopez asked, Randy, why would you advise them to wait until the end of the year.

Mr. Sherman answered what we typically do when departments think they are going to have salary problems, whether it is due to retirements or vacations or overtime or whatever, what we try to get them to do is absorb as much of that out of their line items as possible. So, if you take somebody like the Highway Department and Frank has a terrible winter and he has a lot of overtime and says I am really strapped, what happens is by the time he gets into spring he may say I have \$300,000 here for street resurfacing and I can't use it all so I can maybe move \$40,000 of that over to help with overtime. We try to get the departments to absorb it within their own budget before we make any movements in that regard.

Mr. Robinson asked is there a budget for the first quarter for revenues.

Mr. Sherman answered you are talking about an allotment type process. No. We don't do that.

Mr. Robinson stated I think Randy got into it a little bit prematurely, but you were talking about comparing this year to last year. While it shows a \$626,477 increase over last year, if you annualize this year's actual we are going to be about \$7 million short in the budget for revenue.

Mr. Sherman stated you are talking about taking the actual and multiplying it out by four and you will be short.

Mr. Robinson replied while it is good compared to last year...

Chairman Hirschmann interjected we haven't had our good months yet.

Mr. Robinson stated that it why I was asking was there a budget. If you budgeted close to \$6 million...

Chairman Hirschmann interjected the Tax Collector will tell you that she has good months like April, etc.

Mr. Robinson replied I understand that.

Alderman Lopez asked you are talking about a formula. Maybe that is a good idea too.

Mr. Sherman replied we certainly can do that. We have got...how many year's history do we have on our revenue flow?

Ms. Shaffer replied 10.

Mr. Sherman stated we have a month-by-month revenue history and we certainly could go back and do that.

Chairman Hirschmann addressed Item 8 of the agenda:

Proposed revisions to ordinance governing outstanding accounts receivable.

Chairman Hirschmann asked who wrote this revision sheet.

Mr. Sherman answered Jennifer did it.

Chairman Hirschmann stated we have had some problems with this and lists that you have asked us to write-off.

Ms. Shaffer replied essentially this was something that we discussed in-house.

Chairman Hirschmann stated I see the change but I don't know what existed. Like Alderman Levasseur or myself wouldn't know the old policy from the new policy. What has changed here? There is nothing highlighted or anything.

Ms. Shaffer replied I think Jennifer can briefly inform you about what has been changed. There is no penalty in interest charged on any of the receivables that are delinquent. This is something that we have never had in the past. It has been suggested from time to time but always got voted down. We usually send out a second notice for accounts receivables that are delinquent. Subsequent to that or within whatever timeframe is reasonable at that point, we would like to assess interest to those accounts receivables hoping that it would make those people come forth and make those payments. That is what we have said in the past is part

of the problem. We can send bills until we are blue in the face, but we have nothing in back of us to enforce this.

Chairman Hirschmann stated so what you are telling us right now is that there is no language in place at all.

Ms. Shaffer replied basically we would send it to collections after a certain point in time.

Chairman Hirschmann stated and this is giving us some rules to follow.

Ms. Shaffer replied this would be interim items that we would take under our wing basically within the Finance Department or with the cooperation of the other departments who bill receivables through the HTE system.

Alderman Lopez stated take Item E. Unless I am reading wrong, is this a way to get to the other departments if somebody hasn't paid for something and they come in for another service.

Ms. Shaffer replied that is one of the things that we would like to effect if we are going to make some of these changes. Somehow if we could do this citywide so if they are delinquent in one area they wouldn't be able to get services in another area.

Alderman Lopez asked I was wondering if the language was correct.

Ms. Shaffer answered these are suggestions. We need input from the Committee regarding going forward.

Alderman Lopez stated what I am trying to say here is we need it really spelled out. For example, Mike Lopez owes the City \$100,000 and at some point I go into the Building Department to do something else and a flag comes up saying that I do owe this money as well as Parks & Recreation or Highway or whatever business I am dealing with. I think it has to be spelled out in detail exactly what you want them to do. Who do they notify? Do they contact the Finance Office or the City Solicitor? I don't know. The clerk sitting behind the counter, what do they do?

Ms. Shaffer replied right now they really have no knowledge of what is outstanding in the other departments.

Alderman Lopez asked how do we get there.

Ms. Shaffer answered that is basically something that we would have to work on so that we could disseminate that information.

Alderman Lopez stated I think that just by somebody knowing what the policy is and everything else and its publicized maybe they will take another look when they go down to register their car. Of course I know that is under State law, which is a little different.

Ms. Shaffer responded right. That is a little bit different. That is not on the retrievable system. Joanie actually has the ability to flag some of those items so that she knows who has submitted an NSF in previous times.

Alderman Lopez asked but she can't stop them from registering a vehicle if they owe money to Parks & Recreation.

Ms. Shaffer answered right and part of the problem there too is when you are talking about City wide, her auto registration program is not on the receivable program of the City because that it a State system.

Chairman Hirschmann stated the intent of this policy is good.

Alderman Thibault asked is there a way that we could put this into the computers that any money that is owed to the City automatically if they go to any other service it will come up and say you own Parks & Recreation or you owe Traffic or you owe somebody X amount of dollars and you can't get this permit until you pay that bill.

Ms. Shaffer stated as Randy just mentioned too before you go forward, this would have to be sent to the Solicitor and introduced as an ordinance. In the meantime we could ask the City Solicitor whether or not we would be in violation of any rules if we assess penalties and if claims could go to the City Solicitor's Office after a certain point in time. So, we are pursuing a lot of these questions behind the scenes currently.

Chairman Hirschmann stated the other thing I was going to say is you are referring this already to the Solicitor for ordinance tightening. The other part would be for you to work with the Information Systems people on this particular issue to make sure that the flags come up in the computer system saying that this person owes money somewhere.

Alderman Lopez stated don't you think, Jennifer, that maybe somebody like Red who does the collections over there for the Fire Department or whatever, that maybe this should be referred to that department for input.

Ms. Desrosiers replied I have already done that.

Alderman Lopez asked and this includes their input.

Ms. Desrosiers answered some of their input. Some of these suggestions are actually from other departments.

Ms. Shaffer stated before we go to Item 9 we were talking about ordinances being in compliance with the revenue policy. I know that Alderman Hirschmann has seen the revenue policy in the past but I am not sure that it has actually been introduced to all of the other Aldermen who are on this Committee. Jennifer has brought copies of that and we would like to revise that in conjunction with whatever ordinance changes we are going to be making for accounts receivables. We will accept any other suggestions from the Committee.

Chairman Hirschmann asked does the Committee want this policy to sit on the table so that you can read it.

Alderman Thibault answered yes. In the meantime they should be looking at ways to try and tighten this up so that especially the people who are in business...I can understand people who are out of business and you may have a hard time contacting them, but it would seem to me that there has to be a method to collect the money from the rest of them.

Ms. Desrosiers stated part of the problem is that not all of the departments use the accounts receivable module. We could put a flag in the accounts receivable module. That is why I mentioned some of the other departments here because they are on a separate module. So, every time a customer came in they would have check the accounts receivable module to check and it might be a good policy to follow.

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to table the policy to allow Finance to work with the Solicitor's Office and Information Systems.

Chairman Hirschmann addressed Item 9 of the agenda:

Accounts receivable tentative write-offs.

Ms. Shaffer stated basically at one point in time, I think close to the end of the last fiscal year we had brought forth a list of accounts receivables that we deemed uncollectable at that point and asked the Committee for permission to write those off. I think at the time there were a lot of those that were in question. You gave us permission to write-off some of the existing outstanding receivables, but not all of them.

Chairman Hirschmann replied we authorized writing off bankruptcies.

Ms. Shaffer responded correct and anything other than that I think you asked us to go get more information on it. We checked on the status of those with the departments to determine whether or not this had been collected.

Chairman Hirschmann stated I know Brent Lemire is patiently sitting here. He is part of Item 9. Some of these are Fire Department revenues that they are asking us to write-off.

Mr. Lemire replied like the last time we were in, Mr. Chairman, the problem is that some of these people are still doing business with the City.

Chairman Hirschmann stated I look and see that one of them is the Cadillac Motel. They are in business. They have people occupying the building and sleeping there. They are collecting rents but they won't pay their outstanding bill.

Mr. Lemire stated you call them and they never call you back. They will change the name of the business. They will change the name of the business and they are basically laughing at us. I am concerned because at this last meeting we spoke about having a limited bank of resources to go and get them to do this. In order to go and pull a permit or pull a place of occupancy it took a lot of different maneuvering and this is probably what is going to have to be done and I think part of the proposal there will address that. We were under the impression before when we first came in, when some of the language was changed in the ordinance for collections years ago, the original one put some teeth in it and allowed for liens to be placed and alarm boxes to be removed from the building, but it is a coordinated effort because once you remove the alarm box then you have to remove the certificate of occupancy and we can't do that. That has to be done by another agency. I was under the impression after the last meeting that it was going to the City Solicitor. We didn't think it was right to just write it off especially since it will go against our budget. We had tried everything. We exhausted all of our efforts, even over and above collection. Even after it was uncollectable we were from our office making phone calls trying to find out who owned the building and it was extremely difficult. I have a case this morning that I can share

with you about a vendor doing business with a project down the street is arguing with a sub-contractor and there is a \$2,000 bill outstanding to the Fire Department on the civic center. I have made phone calls and called the project manager and he said that he had limited clout in that.

Chairman Hirschmann stated let's talk about the Cadillac Motel because that is before us and the civic center is not. The Cadillac Motel, 1/1/00, that is this year. The people that owned it in January own it now?

Mr. Lemire replied I believe so.

Chairman Hirschmann asked isn't there any kind of provision where the Chief of Fire Protection, if these people aren't paying us for fire services, can't he go over and pull the certificate of occupancy.

Mr. Lemire answered he can't remove the certificate of occupancy. I believe that has to be the Building Commissioner who does that.

Ms. Desrosiers stated it says in the ordinance that if the fees are not paid within 120 days, the Chief of the Fire Department shall be empowered to impose liens and/or revoke permit from any disconnect fire alarm services which shall result in the revocation of the certificate of occupancy for the building.

Chairman Hirschmann replied that is what I am looking for. Why aren't we doing that? You are here representing the Fire Department. You are speaking with Chief Kane. This is an important issue. They scoffed at 1998, 1999, 2000.

Mr. Lemire stated at the last meeting I was under the impression that we did not have that authority. I thought the Solicitor was going to give us advice on that. I don't know that that is a current...I would love to find out that that is true. I don't know that that is currently allowed.

Ms. Desrosiers replied I am not sure how old my book is, but that is what is in there.

Chairman Hirschmann stated that is an updated book. I have that page in my book and that is where I read it.

Alderman Lopez asked why don't we just go by the ordinance, Mr. Chairman, period.

Mr. Lemire answered at the last meeting we were told that it would be referred to the City Solicitor and that a determination would be made.

Chairman Hirschmann asked, Kevin, do you remember this being referred to the Solicitor at the last meeting.

Mr. Clougherty answered I don't think so. On our side we did research. We went back to the ordinance and tried to pull together an inventory on all of these different things, which I think Jennifer has done.

Ms. Desrosiers stated I have asked the Solicitor what they have brought to court and what their results have been, but they have not gotten back to me.

Chairman Hirschmann stated nothing gets written off in this Committee until we have a check and balance of everything.

Alderman Lopez asked why don't we let Jennifer provide the business officers with the ordinance and ask them to comply with the ordinance.

Chairman Hirschmann answered absolutely. Do you want to hand that over to Mr. Lemire from the Fire Department so that the Chief knows what his legal duties are?

Mr. Lemire stated we were waiting for the legal determination to go ahead and how we could actually proceed with it.

Chairman Hirschmann replied I am not waiting for it. If you and your Chief are waiting for it, you wait on the sidelines with the Solicitor because it is not going to slow down my Committee. I am not writing any of this stuff off. It is staying right here. You and Chief Kane have to figure out your revenue problem with people who are scoffing at you. You are delivering services and you are not getting paid.

Ms. Desrosiers stated we do not recommend that the sheet with the Cadillac Motel on it gets written off. Perhaps I should have made that a little more clear. Part of the revenue policy that we are in the middle of creating says that if it is over \$1,000 it will be sent to the City Solicitor for whatever they need to do. It will also include enforcing the rules that are currently in the ordinance.

Chairman Hirschmann asked what are you recommending that this Committee write-off.

Ms. Desrosiers answered it is the first three pages.

Chairman Hirschmann asked is there anything specific on those three pages the Committee wants to discuss.

Ms. Desrosiers stated these are all over three years old.

Chairman Hirschmann stated there is one on here that I don't want written-off. It is a Parks & Recreation.

Ms. Desrosiers replied that is on the list that we don't recommend you write-off.

Chairman Hirschmann stated most of these say out of business.

Ms. Desrosiers replied and under \$10. Collection fees, which we are not currently able to pursue unless we give the customers notice at the time of the invoice that they will be responsible, which is something that we are looking to do.

Chairman Hirschmann asked why would you recommend Candia Road Convenience, which is a viable convenience store to write-off \$125. What is the reason for that? Is it because it goes back to 1995?

Ms. Desrosiers answered yes.

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to write-off the recommendations of the Finance Committee regarding accounts receivables.

Mr. Lemire stated just for clarification, I am reading the ordinance and this was the problem last time. It wasn't clear as to exactly which fees the Fire Chief had the right to impose the fee or remove the service from. The way this is written, it speaks in two different paragraphs. One is about business plan certification or inventory, which isn't clear to us and talks about a 25% penalty. Section B., the fees imposed under this chapter says that if they haven't paid within 120 calendar days the Chief of the Fire Department is authorized to impose fees, etc. We weren't then and I guess probably all we need from the Solicitor is does that apply to all of the fees. This was the question before and that is the only reason we couldn't proceed with that. This is what got referred for clarification. Not because we are waiting. We just can't proceed unless we are absolutely certain that we can do that legally.

Alderman Thibault asked have you checked with the City Solicitor.

Mr. Lemire answered no and maybe we should have.

Chairman Hirschmann stated that task is delegated to you and your department. This Committee is not responsible for chasing around the City Solicitor and finding out about this stuff.

Mr. Lemire replied we will take care of it.

Mr. Clougherty stated if it doesn't apply and the Committee wants to, it can come back with language that it will apply.

Chairman Hirschmann replied just as Jennifer came to us with a policy to fix something, we want to fix whatever problems there are. These write-offs have been sitting here for a long time.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted table two pages of accounts receivable write-offs.

Alderman Thibault asked, Kevin, if in fact the language is not strong enough in some of these ordinances to do this, we would like the City Solicitor to look at that and make it...in other words if they apply for a building permit they can't get one until they pay that.

Chairman Hirschmann stated the Finance Department has been very good in making ordinance recommendations to this Committee.

Chairman Hirschmann addressed Item 10 of the agenda:

Report of accounts receivable outstanding in excess of 90 days.

Ms. Shaffer stated we said that we would bring in these on a regular basis so that you could see what the status is and what might be outstanding at any given time.

Chairman Hirschmann asked what is the Rooms & Meals, State Treasurer.

Ms. Shaffer answered that has a logical explanation. That is one of those items that we accrue on June 30 and the money is going to be collected in December for that rooms & meals tax revenue. That is basically how it is done on an annual basis. That is kind of an accounting entry there basically. That is not really legitimate.

Mr. Clougherty stated we didn't want to take anything off the list. We tried to provide you with a complete list so you can see everything and no one can say well why is this on there or not.

Alderman Lopez asked why in the world is Manchester Water Works on here.

Ms. Desrosiers answered that is an aggregation bill I think.

Mr. Sherman stated on that one I believe that the Water Commission voted last month to pay those bills so they should be coming off.

Alderman Lopez stated we need to get our money back so we can get more interest.

Mr. Sherman replied the process that Aggregation is going through when they are doing their energy efficiency project is they are billing them when the work is getting done, but they are not being paid until the work is completed.

Alderman Lopez asked what about Information Systems.

Ms. Shaffer answered basically those would be inter-department billings where they would be billing other departments for services or supplies.

Chairman Hirschmann stated there is one on here, Item 34, Pyramid Entertainment Complex, extra police details. They are out of business. Are we going to leave that on there?

Ms. Desrosiers replied some of those are actually on our write-off list.

Chairman Hirschmann stated that is a total of \$11,279.

Alderman Thibault asked aren't they in business in Massachusetts some place.

Ms. Desrosiers answered I believe that one just went to collections. The Police Department has their own process and someone that they use and it involves a Committee with an Alderman and someone from the Police Department and a person from the City and they discuss their overdue bills and then they determine after six to nine months whether or not they are going to forward them to collections. So that probably needs to be a little bit more enforced than it is currently.

Chairman Hirschmann asked who pays First Night NH.

Ms. Desrosiers answered nobody has paid that. That is in collections as well.

Chairman Hirschmann stated the one that my good friend won't quit talking about is Item 35, the good old NH Democratic Party owes us \$7,000.

Ms. Desrosiers replied yes they do. That was also sent to collections about three or four months ago. They have had no positive result. They keep telling us that they are going to be paid and then they don't pay.

Chairman Hirschmann stated that is \$7,448.50. It is the NH Democratic Party. Isn't Ray Buckley some kind of grand puba over there? Can't he get us the money?

Ms. Desrosiers replied there was a problem with back-up documentation because when the President is coming in to town they take all of those documents and shred them for security purposes so we didn't really have any back up for the bill and it was quite a mess. We are still trying.

Alderman Lopez stated I know that I have requested a police officer for detail before and two or three years ago you had to pay right then and there. I don't know what happened there but that was a good policy because you got the revenue, you got the check that night or cash and you got a receipt. I think that is a good policy with anybody because I know we hire police officers, we pay them that night and they take the check down to the Police Department. Maybe Kevin and you guys can look at the whole policy and make that recommendation. There is no reason in the world that when someone needs a police officer they can't pay them that night.

Ms. Desrosiers replied you are right and it is the same thing with the Fire Department.

Chairman Hirschmann addressed Item 11 of the agenda:

Communication from the Finance Officer submitting a list of potential members for a committee to recommend a preferred financial organization of the City.

Chairman Hirschmann stated this is in regards to the auditing function of the City but that doesn't really say that. Kevin, could you come forward and tell us what is going on at this time.

Mr. Clougherty replied you may recall that several months ago the issue came up regarding how we should structure the audit program. That was originally sent to the Committee on Administration. We came up with a list of CPA's and we

brought it back to this Committee because it was co-referred here. This Committee said we agree with this approach, we like this group of people and we referred it over to Administration. Administration said we like this group of people too, but we think the lead should be the Committee on Accounts so it is coming back to you.

Chairman Hirschmann stated here is what the story is. I sit on the Committee on Administration and they decided that the way it is being done right now is the right way. The auditors report to this Committee through the Finance Department and there is no need for a change. Thus, there is no need to create any blue ribbon committees or panels and I would like a motion to receive and file.

Alderman Thibault moved to receive and file this item. Alderman Pinard duly seconded the motion.

Alderman Lopez stated maybe I am misunderstanding something here but I thought this Committee that you went out and got was to look at the complete finance department and give us recommendations on how we could do things better. Am I incorrect?

Mr. Clougherty replied no. When the issue came up of the auditing, we said you can't just look at that one piece you have to look at how it interacts with everything and our recommendation was let's get this group and have them look at everything. I think what the Chairman is saying is we think the audit piece is okay so you don't have to look at the rest of it. We put together what you asked us to do, which is put together a group of people who could look at everything and give you some input.

Alderman Lopez stated I am just looking at the basis that over the number of years here where you have a lot of people and a lot of responsibility and functions...I look to these people coming in and telling us whether or not our Finance Department needs more people, less people, or more responsibility because one of the areas I am interested in is the things that HR does on the financial end that was shifted over to HR. I just think that this Committee from what I understood in the last three months, this is what they were going to do is look at the whole aspect of Finance.

Chairman Hirschmann replied I am under a different...Alderman you are the Chairman of the HR Committee and you can certainly address personnel and the structure of the Finance Department, but what this really dealt with was the audit function of Finance. Does it belong in Finance or does it belong somewhere else and we resolved it. That is what this issue was. The way it is worded on our agenda is murky. What they are saying is does the audit function belong in

Finance or does it belong down the street. What the Committee on Administration has recommended to this Board is that it belongs right in Finance and that is the motion that is on the floor. In your Committee, Alderman, you can certainly look at his structure and personnel and do what you want with his department.

Alderman Lopez responded what you are saying here then is everything is okay in Finance.

Chairman Hirschmann stated no. You are misinterpreting what I am saying. What I am saying is the audit function as it exists...we have an internal auditor who we met today. We agree that he belongs where he is and doing what he is doing and we agree that Kevin goes out annually for an external auditor and those audit functions are working correctly. That is what we are saying.

Alderman Lopez stated I know what you are saying today and I agree with what you are saying today but that was not the original intent of this whole thing.

Chairman Hirschmann replied yes it was.

Alderman Lopez responded then I was misled. Wasn't the intent was for these people to come in to Finance and look at the complete operation?

Mr. Clougherty replied not by us because I think we were clear. We have an open shop, Alderman. We get audited by everybody. We gave you a list of people and I went through that exercise and today if this group says something different, that is fine with me. Whatever you want to do is fine, but recall what I said is that because it is our function and our services, I don't want to get into a position where I am driving this and you say well you selected this and it is a self-fulfilling prophecy and that is why I backed off and said I would get a committee. I went to the State Treasury and got that list just to keep that independent. Now whether this Committee does it or somebody else – again it is open and we are happy to have that looked at.

Alderman Thibault stated it went to Administration and they felt that it belonged here and that is why they sent it back here.

Chairman Hirschmann called for a vote on the motion to receive and file. The motion carried with Alderman Lopez being duly recorded in opposition.

TABLED ITEMS

12. Review of Accounts Receivables Write-offs.
(Tabled 8/23/00 pending report from Finance.)

This item remained on the table.

On motion of Alderman Thibault, duly seconded by Alderman Lopez, it was voted to recess the meeting until Wednesday, November 1 at 6:30 PM.

A True Record. Attest.

Clerk of Committee