

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

**May 6, 2008**

**5:15 PM**

Chairman Sullivan called the meeting to order.

The Clerk called the roll.

Present: Aldermen Sullivan, Lopez, DeVries, M. Roy  
Alderman Ouellette arrived late.

Messrs: B. Sanders, S. Wickens

Chairman Sullivan addressed item 3 of the agenda:

3. Communication from Christine Bois Davis, Executive Director Franco-American Centre, requesting forgiveness of a \$200 bill for false fire alarm fees that were received for 2007.

Chairman Sullivan asked for a representative from the Franco American Centre. None were present.

Alderman Lopez stated I'd like to table this item.

Alderman M. Roy stated my I was just going to ask either for the Clerk or the Solicitor if we have ever waived fire alarm fees in the past.

Mr. Matthew Normand, Deputy City Clerk, stated I had a preliminary conversation with Fire about this when we first got the request in and I guess it happens very infrequently. The person Linda Miccio that I talked to recalled it only happening two or three times in the past. As far as the false alarms for burglary which are under our purview, there is an actual alarm review board that does waive depending on the argument that is presented by the customer. As far as Fire goes it's pretty infrequent.

Chairman Sullivan asked the Alarm Review Board only applies to burglar alarms not to fire, correct?

Deputy City Clerk Normand responded exactly. This is the oversight for the fire alarm.

Alderman DeVries asked Clerk, do you recall the policy for the Fire Department, their response to false alarms? There is some latitude before they charge. Do you know the number of false alarms?

Mr. Normand stated I can get it before this meeting is out. I know with burglary it's the first three are without charge. I am not sure with fire but I will look it up in the Ordinance while we are going through this meeting.

Alderman Lopez asked would you accept a motion to refer this to the Fire Department to give us something in writing as to whether they agree with this or not? I can't find any communication from the Fire Department here.

Chairman Sullivan stated I really don't have a problem with the \$200 bill. This is not going to be the end of the world one way or another but it may be wise to bring in somebody from the Fire Department as well as have someone from the Franco American Centre here so we can talk to them.

Alderman DeVries stated I would like to speak to that because there is an Ordinance developed and I am sure the Fire Department had input at the time they were developing the false alarm Ordinance. What I did hear is that it has seldom been either utilized or tripped by having in this case four false alarms in one day. I do believe that policy did go into effect as a response to some of the dorms at the colleges where there were malicious false alarms. This does not appear to have been malicious but I would like to at least table this and I would offer that motion for the time being, my reasoning being that it is under review and we can take this up at the end of today's meeting unless the Clerk's office is ready.

Mr. Normand stated the first five false alarms are \$50 per alarm which is why you have four for \$200 here. All false alarms in excess of five amount to \$100 per alarm. So it is \$50 for the first five alarms and then \$100 for every alarm thereafter.

Alderman Ouellette stated I apologize for being late. Would these fees also include the School District?

Mr. Normand responded just one minute; I can look that up. I know that with the burglary alarm there is an exemption for the School District. I do not know if this is the case for the fire alarms. I don't see an exemption here right off the top of my head so I would say that there is no exemption.

Alderman Ouellette asked is this just for fire alarms or is this for burglar alarms as well?

Mr. Normand responded this is fire alarms.

Alderman Ouellette stated I would think that the School District is probably, for obvious reasons, one of your biggest calls to false alarms and I would just like to see what kind of an impact this would have on the School District.

Alderman Lopez stated we don't have anybody from the Fire Department to verify the communication here and that's the only reason that I said to send it to the Fire Department and have them here. They should be here anyway because this is on the agenda. I don't know and I am not saying the false alarm fees received...we had a rash of false alarms on Christmas Day that we were not able to stop. What does that mean? Can the Fire Department help us with that and say they recommend we pay for it? Then they are wrong...not wrong, I shouldn't say that, but their recommendation would help me make a decision here.

Chairman Sullivan stated my suggestion would be that we lay this on the table and for our next meeting we request that a representative from the Fire Department come here and that someone from the Franco American Centre come here so they can give us the back story on what the problem was, whether it was a problem that was caused by something that their alarm company had done. Let's find out what really happened here. I really don't see a big problem with this but we should make sure we follow proper protocol, the proper procedure. I would entertain a motion to lay this on the table so we can get those folks in here and we can get the correct information and resolve it that way.

On motion of Alderman Lopez, duly seconded by Alderman M. Roy, it was voted to table this item.

Chairman Sullivan addressed item 4 of the agenda:

4. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Report (unaudited) for the nine months ended March 31, 2008.

Mr. Bill Sanders, Finance Director, stated you have the report in the agenda. We have been talking about the spending through the year at both of these meeting and with our biweekly forecast letters that we have been sending out. The reports you are looking at are consistent. It is only for the nine months through the end of March. The April material will be ready shortly and certainly for the next meeting. Overall as you would expect we are overspending at the department

level. We do have offsets, as we have talked in prior meetings, in our salary adjustment account and our contingency account. We have a favorable pension adjustment of about \$380,000 through the end of March so at this point in time we do expect that we will be able to cover our expenditure shortfall that we are experiencing at the department level so that we would have a modest expenditure surplus this year. We also are projecting a health care surplus line of about \$300,000 to \$500,000 at the end of March. That of course would not go into fund surplus. Under Ordinance any surplus in the health care line would be credited to the health insurance reserve account. On the revenue side we are expecting a shortfall, as we have discussed at prior meetings, and through March we were seeing that. Right now we are anticipating about a \$1.8 million deficit in revenues or shortfall in revenues primarily made up of the shortfall on auto registrations which was about \$350,000 through the end of March compared to what we were budgeting. Just an update through the end of April, we had an additional shortfall in the month of April, so I would bring that up to about \$400,000 in terms of shortfall through the end of April for auto registrations. In the last analysis we gave the full Board, we were anticipating about a \$550,000 shortfall in auto registrations so for the remaining two months we still have about \$150,000 and hopefully we will be able to make that or maybe even beat it by a little bit. I would point out that starting in June of last year we were seeing a pretty significant fall off in our auto registrations in June of 2007 so our comparisons are going to get a little bit better I think here probably in May and June. In addition to auto registrations, building permits are lower and the Highway Department has had a couple different reasons why they are missing their revenue shortfall, the biggest being that block grant that has been talked about in prior months along with lower school chargeback numbers and they are also impacted by lower building permits on various inspections and hookups that they have to do as part of the Highway Department to new construction. Overall we are at about a \$1.8 million deficit on revenues and the combination of revenues and expenditures would be, based on our last report, about \$1.5 million net short for this year based on our last projection. With the biweekly reports we have already been in communication with the departments; they will be providing updated reports the end of this week and we will have another analysis ready for the entire Board of Mayor and Aldermen next week.

Alderman DeVries stated revisit please the revenue portion of your report when you were speaking to auto registrations being, I think it was approximately \$380,000 short at this point in the first nine months of the year. Can you give me a comparative to this point in last year's budget? I think we had somewhat of a similar situation and we have recouped some of that in the last quarter.

Mr. Sanders stated that's true. On page four is the revenue summary for the nine months ended in March and at the top of the page there is a license and permits section and you will see auto registrations the line under that and you will see the auto registration revenue we have recognized so far in 2008 is \$11,387,000. If you turn to page six, typed page six of the report, there is a comparison of the nine months of 2007 to the nine months of 2008 in that auto registration line. Do you see that? It's \$11,738,000 we had recognized through last year March and this year we have recognized \$11,387,000 which is about \$400,000/\$350,000 short actually through March and then we were short another \$50,000. Then for the full year last year we generated about \$15,300,000 for the total 12 months.

Alderman M. Roy asked Bill, staying with that page six, if I am reading this correctly, the percentage difference from 2007 to 2008, the far right column, bottom number under total, is only .51% so is that saying even though our revenues are off they are only half a percent off from where we were last year.

Mr. Sanders stated yes that would be correct. A big part of that is obviously the interest income number, which as the year has gone on...the interest income is about the sixth line from the bottom. You can see where we are still beating interest through March when we compare it to March last year but rates have been falling throughout this year and four months ago, we would have shown us beating interest probably by about \$150,000 to \$200,000. Right now our projection would be...we probably will have a small shortfall on the interest lines. As we project out for the balance of the year, some of these numbers look better right now than they are going to look in June. Some will look better hopefully and some will look worse, regrettably.

Alderman M. Roy stated so going back to page four, looking at interest income, if my lines are lining up, we have \$649,586 unrecognized; that's almost 25% that we are looking to recognize in the next two months.

Mr. Sanders stated yes and we will probably be short of that by one quarter of the year, so on a percentage basis it's not too bad but most of our interest was earned in the first six months. Once the federal reserve began cutting interest rates, our rates went from about 4.5% to about 2.6% so we have had a significant reduction in interest rates.

Alderman M. Roy stated staying on page four, the two lines under interest income, the fund transfers and reimbursements...actually three lines, and the rental leases, we are looking at some very high percentages.

Mr. Sanders stated the biggest piece of the fund transfers is the year end reimbursement from the Parking Enterprise and that's about \$1.8 million this year, so we don't actually record that until the month of June when we collect the money. The other piece of that is the reimbursement from the cemetery endowment from the Parks and Recreation Department to reimburse the general fund for work done. We should come right dead on with that number, maybe a tad better.

Alderman M. Roy asked and the rentals and leases?

Mr. Sanders responded the rentals and leases I am not sure I know right off the top of my head. I'll get back to you on the rentals and leases. I do not know the answer to that question.

Alderman M. Roy stated and a question that hopefully we could answer before tomorrow night would be where we stand with school chargebacks. Is that 42% something we are going to realize? I know they tend to take some time.

Mr. Sanders stated they lag in the billings and they lag in the payments. Certainly there are two areas where we had shortfalls in school chargebacks. The largest has been in the Highway Department although I am hoping this week's forecast is going to show that they have recovered most of that chargeback number so we might miss it by \$100,000 to \$150,000 but not quite the \$300,000 that it looked like a month ago.

Alderman M. Roy asked just from your experience with schools, is that money invested or do we still have possession of that? From the time we make the appropriation where does that money go?

Mr. Sanders stated from the time that the Aldermen make the appropriation to the School District...let's say they are appropriated \$60 million of tax money just for discussion purposes. We agree a payment stream from City Finance over to the School District at the beginning of the year and we basically transfer it to them in that example maybe \$15 million each quarter or it might be \$10 million a month; my 60 isn't working very well here. We transfer the money to them fairly. We don't hold it back or constrain their spending and they do invest it on their side pretty well.

Alderman M. Roy stated naturally it's invested on our side. Is that something that we could look at for next year? When it comes to school chargebacks that's always one of those places where we hear a lot about our maintenance of our schools and maintenance of buildings and it's something we do have control over as Aldermen and it appalls me the per square foot cost of preventive maintenance

we put into our schools so looking at this year where money starts getting tight, it's a place I have a feeling they won't realize, they won't spend all of the money that we have appropriated and we end up shorting the school buildings. I would like to see if maybe there is another way that we can take that money out of the budget so that its effectively spent on the buildings that we are in charge of maintaining.

Mr. Sanders stated its certainly an expenditure that the School District will stop spending as they approach June 30<sup>th</sup> to make surplus.

Alderman DeVries asked Mr. Sanders, could you repeat the health fund surplus number?

Mr. Sanders stated the health fund surplus projections right now are about \$300,000 to about \$500,000.

Alderman DeVries asked if there was a number that we were looking to work with for budgeting purposes that would be \$300,000? That would be \$500,000?

Mr. Sanders stated in my opinion it would be \$300,000. Mr. Sharry made a comment at a meeting last week of a number that was higher than \$500,000; he said \$700,000 at a meeting last week. He and I have had a couple conversations and he has not yet written a letter to the Board of Mayor and Aldermen on that subject but I think he would be coming in saying even the optimistic would be \$500,000 but he hasn't written that down yet. To answer your question, I would use \$300,000. It's a very unpredictable area, health insurance. The reserve we have is not particularly high. We have about \$1.9 million in our health insurance reserve account and relative to the spending that we do there it's tighter, for example, than workers compensation where the reserve is somewhat more generous at this point than the actual spending level.

Alderman DeVries stated I would like to see the percent that reserve fund is of the actual expenditures for the year and I was wondering if you would do the same calculation for the school since they have established a reserve account so when we look at ours we have a comparative.

Mr. Sanders stated I will get that.

Alderman Lopez stated I think one of the things Alderman Mark Roy alluded to...I had a discussion with Building Maintenance for example and I was going through...I am sure you are familiar with the court ruling the difference between the School Department and the Board of Mayor and Aldermen. I think one of the things that needs to be done and I will just make a comment that I made to the

Building Maintenance department and I think they agree with me and I think they are going to do it this year. Whatever number they agree on according to the court ruling, it should be agreed upon and in writing so that they can't change it. An example would be the custodians; that's an agreement so if they are agreeing that they want all the custodians that's over \$3 million, \$3.9 million. That's an obligation that they have to pay us and if they require other things to be done in the School Department it should be in an agreement so that there is no mistake and the money is there. I would ask that people look at that Supreme Court ruling whereby, as you all are aware, we can't dictate but we can also get an agreement that we are going to get some work for them they are going to have to pay for it. The other one, the health thing, Alderman DeVries already asked and maybe Russ can help on this, Alderman Ouellette or somebody. I noticed we talked about fire alarms. Well, I would presume you don't calculate revenue on fire alarms. The Fire Department doesn't say we are going to have so many fire alarms go off and we are going to charge and that's revenue. Can I assume that?

Mr. Sanders stated that's not correct. We do make fire alarm revenue estimates through the City Clerk's office.

Alderman Lopez stated then I have a question for somebody. Looking at page 5-D-4, do they actually pay this in the end because they are our school departments?

Mr. Sanders responded the School Department does pay their fire alarm bills. It's a subject of much discussion at the schools as to how to eliminate them and reduce the payments but I am not aware of any time that the school has not ultimately paid whatever fire alarm bills they have been sent.

Alderman Lopez stated that becomes an obligation they have to pay it.

Mr. Sanders stated yes. It's difficult to have control over it. Students pull alarms.

Alderman Ouellette stated we have had, as Mr. Sanders can attest to, multiple, multiple, multiple discussions on the school side concerning fire alarms but in particular we had even more discussions concerning police alarms because police alarms were generally...you could pinpoint who was at fault. Whether it was an employee of the district that either left the door open or went through the wrong door...or most of the time the fault would be the janitorial service for the alarms. Every alarm there was a charge for that and some schools were very, very expensive and there was supposed to be some sort of controlling mechanisms in place that the principal would have to explain each alarm that went off and quarterly in terms of the Fire Department the fire alarms quarterly we would get an invoice from the Fire Department and they would have to detail which alarms

went off, what day and what the service was. That would have to be a chargeback from the District to the proper department.

Alderman Lopez stated thank you for that explanation. The only other one I wanted to clarify in my own mind is in reference to the \$300,000, \$400,000 or \$500,000 in health. Would you agree up to the time that the Board of Mayor and Alderman authorize you to balance the budget for 2008 that we could transfer that money?

Mr. Sanders stated yes I would agree that similar to the workers compensation...I would have to verify any unencumbered portion and on the health insurance I am looking at the City Solicitors. Health insurance would be similar to workers compensation if I verified and unencumbered amount.

Alderman M. Roy stated Bill, a number that struck me because the percentage was so different, and it's not a big number, but I am just wondering why it was accounted this way, back on page six of item four, There are miscellaneous taxes. In 2007 it was \$8,997 and the nine months of 2008 it's \$110,847 to an 11.32% difference. Is that something that got added to the miscellaneous taxes or where did we come up with that extra \$110,000?

Mr. Sanders stated Ms. Wickens is indicating that this might be related to liens that we have placed on property for uncollected property, but the Tax Collector is not here so I am somewhat hesitant to say that. I would like to have a conversation with her, and Sharon will send a note to the Committee.

Alderman M. Roy stated that would be fine. It's a number that's so far out of whack I am just wondering if it's just something we changed internally or what.

Chairman Sullivan stated I guess in the same vein you have the federal revenue line; it was \$125,022 but this year it's zero. What's the situation there?

Mr. Sanders stated I regret that I don't know the answer to that either. I will include it in the notes that we send to the Committee.

On motion of Alderman Lopez, duly seconded by Alderman M. Roy, it was voted to accept this report.

Chairman Sullivan addressed item 5 of the agenda:

5. Communication from Sharon Wickens, Assistant Director of Treasury, submitting Finance Department reports as follows:
  - a) Department Legend;
  - b) Open invoice report - over 90 days by fund;
  - c) Open invoice report - all invoices for interdepartmental billings only;
  - d) Open invoice report - all invoices due from the School Department only;
  - e) Listing of invoices submitted to City Solicitor for Legal Determination; and
  - f) Accounts Receivable summary.

Ms. Sharon Wickens, Assistant Director of Treasury, stated I have no specific comments regarding the over-90 day report. I didn't know if there was anything the jumped out at you that you wanted to ask about.

Alderman M. Roy stated Sharon, I haven't been able to find it but the contract lease regarding the Dunbarton Road transfer station, has that been satisfied?

Ms. Wickens stated I don't believe that that has been satisfied as of yet. It is a work in process.

Alderman M. Roy asked do you know what page that would be on?

Ms. Wickens responded I want to say it was under Highway; it's on page nine, towards the bottom of the page.

Alderman M. Roy asked have they been current since September?

Ms. Wickens responded yes, that's the only piece that is kind of hanging out there and Highway is well aware of that. They know this is working. Nothing is going to be done until things are settled.

Alderman M. Roy asked so the only month that is missing over-90 days is September? They have been current on all other payments?

Ms. Wickens responded yes.

Chairman Sullivan stated I do notice that some of these items are from companies that I know have gone bankrupt or are in bankruptcy proceedings. Is there a way of flagging these so that we know that that debt is essentially uncollectable because of the bankruptcy process? I just saw Independence Air and my eye just happen to catch it and I know we are probably never going to realize anything from those guys.

Ms. Wickens stated I think in the comment field I can probably add bankruptcy in there.

Chairman Sullivan stated yes that would help us draw a distinction between situations where someone is legitimately stiffing us.

Ms. Wickens stated it's flagged in the system but it doesn't come off on this report but maybe I can move it somewhere else so I will try.

Chairman Sullivan stated if you can find a way to do it, it would just make it a little easier for us to slide through here.

Alderman M. Roy stated staying on that vein, Sharon, and I don't want to recreate the wheel but is it possible to go through and flag the new ones or have a new report? Some of these are here every month and we see them and they are just staying on our report. Is there a way that we can see who's the fresh...

Ms. Wickens asked who's just bounced on the report?

Alderman M. Roy stated whether it's through bolding or...

Ms. Wickens stated I may be able to do another search, if you will, that will say this is from 90 days to 180 days and then real old ones I could do another report.

Alderman M. Roy asked is that just a key stroke for you?

Ms. Wickens stated it wouldn't take much time to do that. I think I could do that.

Alderman M. Roy asked would that please the Committee? Because I tend to see the same names and then have to look at the date and if it's not a date or name I remembered from last month...and I have a feeling with our economy we will be seeing more and more over the next year. So if we can catch them or working with the people while they are still fresh, I think that would be productive.

Alderman Lopez moved to accept the report. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

Chairman Sullivan addressed item 6 of the agenda:

6. Communication from Sharon Wickens, Assistant Director of Treasury, submitting 3<sup>rd</sup> quarter fiscal year 2008 write off list for the Accounts Receivable module, requesting authorization to write these receivables off.

On motion of Alderman Lopez, duly seconded by Alderman DeVries, it was voted to accept this write off list.

Alderman M. Roy stated just a question on our write offs, and this goes to Bill because we are in the middle of our budget. Is there an accounting whether it is in your budget or...is there somewhere where we predict the amount of write offs for the year or is this right off the bottom of the budget?

Ms. Wickens responded this goes right back against wherever the revenue line was originally credited.

Mr. Sanders stated we are not making any projection of write offs when we prepare our budgets. We are assuming everything is collectable so write offs are a direct reduction to revenue without...

Ms. Wickens interjected just to give you an idea, last year we had a little over \$9,000 that was written off for the year. The year before that it was almost \$16,000. Once we write this off we are going to be at about \$12,000, so we are not out of whack at all this year with past years because I did look at that.

Alderman Lopez stated that's good work of the Committee.

## **TABLED ITEMS**

7. Copy of a communication from Alderman Lopez to Committee on Community Improvement requesting the BMA to ask the Finance Officer, City Solicitor and Bond Counsel (if needed) to review the possibility of using Rooms and Meals Tax money in the future for Storm Water Utility/Sidewalks/Streets.  
*(Tabled 09/25/2007 pending further information from the Finance Department.)*

This item remained on the table.

8. Communication from Kevin Buckley, Independent City Auditor, submitting an audit of the VISTA program and updating the committee on the status of pending and future audits.  
*(Note: Tabled 2/4/08 Copies of the audit and supporting documentation previously sent to the BMA and Committee members; Remained tabled 3/4/08; Updated communication between Kevin Buckley, Internal Auditor, and Janice Lopilato, State Program Specialist of the Corporation for National & Community Services attach; Tabled 3/11/08; Internal Auditor to present the attached Business Expense Policy as amended.)*

This item remained on the table.

9. Communication from Kevin Buckley, Independent City Auditor, listing audit observations and recommendations from all internal audits since FY2000.  
*(Tabled 3/11/08)*

This item remained on the table.

There being no further business, on motion of Alderman DeVries, duly seconded by Alderman Lopez, it was voted to adjourn.

A True Record.

Clerk of Committee