

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

**February 22, 2010**

**6:00 PM**

Chairman Ouellette called the meeting to order.

The Clerk called the roll.

Present: Aldermen Ouellette, Long, O'Neil

Absent: Aldermen DeVries, Roy

Messrs.: S. Wickens, G. Simmons, B. Sanders, L. Sorenson, T. Arnold,  
C. DePrima, K. Buckley

Chairman Ouellette addressed item 3 of the agenda:

3. Discussion regarding the billing and collections process of police extra detail.

*(Note: A representative from the Police Department will be in attendance.)*

Chairman Ouellette asked is it the Committee's wishes to discuss this now or when we do the open invoice report? Do you want to do it now?

Alderman Long replied sure.

Alderman O'Neil replied that would be fine.

Chairman Ouellette stated the reason we summoned the Police Department is because the Committee wants to talk to each department on their past due invoices. The area of the extra details is where we are going to start. We'll start with the smaller departments in terms of this report and probably work our way up during the month. First, I would like to say that I received a copy because I wanted to do some background work. I picked three months and I got all the details with the billings. It is pretty much on a spreadsheet. I have to say that the amount of details that you had I didn't know. It was eye opening to me. I think you guys do an excellent job collecting the money that

you do. That is a credit to the department, but we do have a couple of questions.

Alderman Long stated I know some of our write-offs or collection agencies...a lot of it has to do with details getting paid by our vendors.

Ms. Sharon Wickens, Finance Department, stated actually, details have not had a write off in quite some time. One thing that makes the Police details unique is that at one time the officers had contributed money out of their salary. I think it was \$1 an hour for a little bit of time until this account built up. It is like a reserve account because when they go out and do these details, they get paid through the City in full for their time. If it ends up that this particular detail is uncollectable and we do have to write it off, it hits this reserve account where we have the money segregated. I think the balance in there now is about \$85,000. We have not had to hit it in quite some time. I would say that it has been at least one year. If we do, this money has been set aside for that purpose. That way, when it is written off it is not written off against the City because we paid them so we want our money. It hits this account. They are unique compared to anyone else.

Alderman Long stated so on this 90 day over accounts, the 34s aren't Police details?

Ms. Wickens replied they are Police details, but they aren't written-off. They are accounts that are still being pursued.

Alderman Long stated some of the transaction dates are over a year old.

Ms. Wickens replied right and some of them are sitting in their hands being actively pursued by the collection agency. The collection agency still holds these accounts and they are actively trying to collect them. We got a new collection agency last March and we decided that when we turned the accounts over to them that we were going to give this collection agency some time to try to collect, which we thought would be at least a year. Now we are going to start to review some of the accounts, see if they have gotten any hits, see what the status is, and see if we need to write some of them off. Maybe we'll have to. There are some accounts on here that you will see that are quite large. There are bankruptcy issues that we are leaving in there that we are trying to work through. I don't know if you have any one in particular that you are looking at.

Alderman Long asked Code 34 would be the details?

Ms. Wickens replied correct.

Alderman Long stated there is \$41,500 outstanding. A lot of these are over the 90 days. The report says over 90 days. Is it typical to go a year before you actually collect?

Ms. Wickens replied in this economy especially, I would say that it is. The collection agency is doing a decent job for the times that they are up against, but they are having some difficulty trying to collect right now. Like I said, when we went with this new collection agency we wanted to give them a fair amount of time to try to get some hits on that. There is some skip tracing and that does take about a year. We will start looking at them and working with the Business Services Officer at the Police Department to see what his thoughts are. Is this someone who he still thinks is reasonable to let the collection agency keep going? If not, we'll have to bring them back.

Alderman Long stated for example, FairPoint Communication has quite a bit.

Ms. Wickens stated right. They have filed for bankruptcy. There is some discussion whether we will get some money for this. Maybe not dollar for dollar, but that hasn't been finalized yet.

Alderman Long asked are we in a position to collect and put in a claim? Have we put in a claim?

Ms. Wickens replied yes, we spoke with the Solicitor's Office and a claim is being pursued by the City.

Alderman Long asked are we still providing details to FairPoint?

Mr. Gary Simmons, Assistant Police Chief, replied we are. They are paying those regularly. We are not behind on any of those active details at this point.

Alderman Long asked how does that work? I'm a contractor and I need a detail. Would I go to the Police Department?

Mr. Simmons replied you would contact the Police Department and we have a woman who monitors all the details and books all the details. A vendor comes in and regularly they will book and try to give you a rough idea of how long they are going to be on the road if it is a road detail. The way it works with these types of billings, if we have a company that is on our bad list or beyond payment, we demand payment upfront. We won't allow them to book a detail until they pay their old account. We work regularly with Finance and

the Highway Departments so if we have a company that is past due for quite some time, we won't issue a permit to that company until they pay it all. We had a company who did some work last year that was on this list. I believe we sent it to collections at one point. They were going to book another detail because they were going to be receiving permits from the Highway Department for some work based on a bid. We demanded that they pay everything upfront. They had to go through collections to do that before they were issued a permit.

Alderman Long asked if I am Long Paving and I'm just starting a business so I don't have a history and I need three weeks of detail, I would get the three weeks of detail?

Mr. Simmons replied someone with a limited history we might demand payment upfront.

Alderman O'Neil stated I think the Deputy Chief answered my question, but Gary mostly it is this Adam's Petroleum. Are those guys on Mammoth Road?

Mr. Simmons replied no. If you look at it, there is a considerable amount of money. They are actually out of Maine. If you look at the rate, they were only here for about five and a half weeks. They were a well established company out of Portland, Maine. At that time when they came to do the work we didn't see a reason to not allow them to be billed later.

Alderman O'Neil asked were they the ones who did the project on Mammoth Road that there were two cops out there forever? There was a gas station that they needed to change tanks out.

Mr. Simmons stated I don't know what detail they were, Alderman.

Alderman O'Neil stated you said that there is a mechanism in place for Highway to not issue permits.

Mr. Simmons stated yes and we have worked regularly with them in the past to do that. We have held up allowing someone to work in the City until their past amounts due were paid.

Alderman O'Neil stated having never been on the Accounts Committee, but having seen the reports from the full Board, it seems like the number of vendors is way down for Police details.

Mr. Simmons stated I would say that. I think Sharon would probably agree that there was a period of time a few years ago where we came before the Committee and we had a lot of insurance companies on here. I think there might be one for a small amount of money. We have cleared most of that up. We have a new system in place with the insurance companies that works very well. Our staff woman who does all the details sends out notices at 30, 45 and 60 days. She is extremely efficient with that. I would agree with you that this list is much less than it used to be.

Alderman O'Neil asked does 34 also cover bars and all that?

Mr. Simmons replied I believe it would.

Ms. Wickens stated any detail would be in 34.

Alderman O'Neil stated it seems like we are doing pretty well then.

Chairman Ouellette asked why don't you explain to the Committee and the public how you handle the bars? They are handled a little differently.

Mr. Simmons stated of all the bars in the City, most of the ones that have police officer details do that voluntarily. They call and say they want a detail on their busy nights. It is usually a Friday or Saturday night. We do have bars in the City, based on the amount of calls of service or trouble going on in the bar, where we mandate that a detail be hired there.

Chairman Ouellette stated but in terms of payment it is done differently. It is on a cash basis.

Mr. Simmons stated it is primarily on a cash basis. The officer will go there and if it is a Thursday to Sunday night job, sometimes we won't collect until Sunday night for the whole event, but it pretty much a cash basis.

Chairman Ouellette stated and then the officer takes the money...

Mr. Simmons interjected and turns it into the department and eventually he is issued a check.

Chairman Ouellette stated if the officer doesn't turn the money into the department, the officer doesn't get paid. There are checks and balances along with that so it works out very well. I have a couple questions. There are a couple of issues that are pet peeves of mine. There is a Best Buy outstanding invoice from December 3, 2008 for \$281.

Mr. Simmons stated I can tell you that the woman who does all of this takes copious notes of everything. She has two chain stores, one of which is Rite Aid.

Chairman Ouellette stated Rite Aid is the other one and I was going to go there as well.

Mr. Simmons stated the last note we have with Best Buy is we did collect \$281 of that. What they are arguing and not wanting to pay are the finance charges that are associated with it because I believe it was sent to collections. They are debating paying the finance charges. If I'm not mistaken, the central office has an issue with that.

Chairman Ouellette asked so we have the \$281?

Ms. Wickens replied if you look at the report, you can see that the transaction amount is \$281.82. The amount right beside it is \$46. That is what is left unpaid. Like Officer Simmons described, this happens a lot. They will dispute this. We will pursue and try to get the collection fee because we don't want to have the City pay for that.

Chairman Ouellette asked Best Buy is going to drag this out over \$46.97?

Ms. Wickens stated you've got it.

Mr. Simmons stated I will tell you that they are one of the companies that would call periodically to hire a police detail for a function going on at the store and we don't allow them to do that without prepaying and we told them that until this is paid in full we won't book them a detail.

Chairman Ouellette stated that is amazing to me. Rite Aid, it appears they haven't paid anything.

Mr. Simmons stated that is another one where she had several notes and correspondences with this company since February 2008. It is a similar type of thing where they will get back to us, send it to corporate, etcetera. That remains in collections at this point.

Ms. Wickens stated Rite Aid is historical for this. The bills go to corporate and they get lost. Eventually they pay, but it seems like it takes forever.

Chairman Ouellette stated I guess that's how they stay in business, but I don't get it. Chief, thank you for taking the time and talking to us today. Please let the department know that the Committee is very please in the work that you are doing in trying to collect the money that these people owe.

Chairman Ouellette addressed item 4 of the agenda:

4. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Report (unaudited) for seven months ending January 31, 2010.

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to discuss this item.

Alderman O'Neil asked Mr. Sanders is there anything you want to highlight?

Mr. William Sanders, Finance Officer, stated on page 4-1 I have the cover letter that we send you each month. I think overall on the expenditure side the departments are doing very well. As I have been reporting for the past few months, our healthcare costs continue to track above budget. We have spent about \$7.8 million on health insurance until the end of January, which puts us about \$1.2 million above budget. The worker's comp in both the salary area and the medical area is over budget for the first seven months also. All three of those categories do have reserve funds that have been established by the Aldermen in prior fiscal years, and at the current rate should be adequate to cover any overages. Also on the positive side to some extent, I would say that a month ago I was projecting about \$1.7 million over budget so the month of January went reasonably well in healthcare. February has been a little better too, so hopefully as the year continues that will continue to improve. On the revenue side, for the first part of the year we are down from the same period a year ago primarily because of a \$1.9 million of state revenue sharing that we received last year that was eliminated for this year. We continue to experience lower automobile registrations, about \$478,000. Our interest income is about \$175,000 below last year, but we are reporting higher building permits this year of about \$726,000. Overall our revenues are on track with the estimates that we gave to the DRA in January so overall I would say that the budget is working out well this year. At the present time I do not foresee any necessity for spending freezes and that sort of thing.

Alderman O'Neil stated I think this was brought up at the last meeting. Were you able to get a hold of and talk to the Tax Collector about auto registrations? One of the things that Mr. Buckley pointed out to me walking out was that he had been in

to see the Tax Collector on some issue and she mentioned to him that a large fleet in the City had relocated to another community. It was one of the large trucking companies. I guess my question is if this is due to some previous large firms that would register large numbers of vehicles or is it a general trend across the board?

Mr. Sanders replied I think there are large customers that are contributing to that. I think it is a combination. I have heard that comment as well, that they moved out of the City. I think fleets generally are downsizing. The level of utilization with rental fleets is consolidating and they are holding cars or trucks for longer than they historically would. As the fleet ages, if they don't renew it, our fees go down or our registration fees go down as the truck gets older. I don't think there is any doubt that it is the general economy and the relatively flat purchasing of vehicles, especially higher end vehicles that generate higher auto registration fees.

Chairman Ouellette stated Alderman, I think you are referring to one of the rental car companies at the Airport that now does their business in the Town of Londonderry.

Alderman O'Neil stated I thought it was Ryder Truck that moved from Frontage Road in Manchester to a location in Londonderry and there were a significant number of vehicles that they would register here.

Chairman Ouellette stated that is the company; you're right.

Alderman Long stated on 4-8 the total intergovernmental sales and services, general revenue...could you explain the general revenues of \$233,115. It is the fourth one down.

Mr. Sanders replied that is a comparison to the budget. I can't speak as I'm sitting here as to what makes that up. We are actually exceeding the budget in that particular revenue category this year by \$117,000. I will have somebody get details for that and provide that to the Committee.

Alderman Long stated and also on the first page, 4-4, the health insurance. Is that where we had the gentleman talking about the health savings account? What was the figure we were projecting it to be over? Were we projecting it to be over this budget?

Mr. Sanders replied yes. Right now we are projecting it to be over by about \$1.2 million. The gentleman from Workplace Benefit Solution that I think you are referring to, Mr. DeLacey, when he talks about the numbers, which were a little bit higher than what we are looking at here, he is speaking of the entire City. That would include the Airport, Water Works and the Environmental Protection

Division. What you are looking at here is just the general fund itself. Right now we are expecting to be \$1.2 million above our budget.

Alderman Long asked and the Fire State Pension and Police State Pension...does this include the 5%?

Mr. Sanders replied it includes the 5% that is applicable. For this year, 2010, the state is contributing 30%. A year ago it was 35%. Next year it will go to 25%, but yes, in the budget we have accounted for the increase this year. We are running pretty well on those retirements. One of the reasons is probably because there are fewer than expected retirements, so the severance pay has not generated a sufficient amount.

Alderman Long stated MCAM, this is January 31<sup>st</sup>. Is the unobligated balance that we anticipated?

Mr. Sanders replied yes. The final payment was made to MCAM in the month of February so February will show that it is completely zeroed out.

Alderman Long asked so it will be zero?

Mr. Sanders replied yes. There will be no further unobligated balance and we'll have paid the full amount.

Alderman Long asked and the debt includes both MCTV and MCAM?

Mr. Sanders replied yes.

Alderman O'Neil asked when we are looking at pages 4-4 through 4-9 on both expenditures and revenues, where would you expect that percentage should be at this point?

Mr. Sanders replied the expenditure for seven months should have an unobligated balance of 41.7% if you assume that spending was even throughout the months. For this month, if you turn to 4-5, you can see for the total general fund in the southeast corner that is scheduled; that number is 40.1%. We are very comparable to where we were last year. Some of our debt service payments are uneven. That is, we had to make a large debt service payment in January and as we are forecasting, we should be alright. On a percentage basis, we are doing fairly well. The revenue side is a little less predictable because of the lumpiness of the money the state sends us and how cars are registered and people pulling permits. It is a little less predicable on the revenue side than it is on the expenditure side, but so far, departments feel, with a couple of exceptions, as though we'll meet our revenue estimate that we gave DRA.

Alderman O'Neil asked I'm on 4-6. Keep in mind I'm the new kid on the block with Accounts, but it looks like it totals a little over 51%, but some of the agencies are at high numbers, 72%, 99%, 88%. Are those timing issues?

Mr. Sanders replied yes. For example, I'll point to one I know well, the Finance Department. They are the fifth line down. You can see that we are still 88% unrecognized. A big portion of our revenue is the parking dividend that comes in only after the books are closed in June. Right now, there is probably about \$1.8 million of that that is the parking dividend and some other state funds that we are receiving that have been delayed. It is just a timing situation. When we show the modified budget, if you look at the headers on those columns, the far left says modified budget. That is the DRA estimates that we provided so we are feeling pretty good about that.

Alderman O'Neil stated on 4-10 you mention parking. I was trying to follow along with Alderman Ouellette and asking why some of those numbers are the way they are. Is there a deficit in the parking system?

Mr. Sanders replied no, there is not. If you look up into the table, the third line from the bottom says miscellaneous dividend total. We have already accounted for the \$1,860,000 dividend that is part of the revised budget. We obviously haven't paid any of that at the moment. As the year goes on, just from looking at the revised budget, she is also deducting some of her CIP projects, which are going to be bonded. If you look in the footnote at the bottom, it includes \$335,000 in CIP money that is paid directly out of Parking. They pay for their own CIP projects. The largest of those is an elevator that we are looking at for the Victory Garage. That project has been approved for bonding. I think the \$330,000 by the end of the year will be eliminated.

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to accept the City's Monthly Financial Report.

Chairman Ouellette addressed item 5 of the agenda:

5. Communication from Lisa Sorenson, Financial Analyst, submitting Finance Department reports as follows:
  - Department Legend
  - Accounts Receivable summary
  - Open Invoice report over 90 days

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to discuss this item.

Alderman O'Neil asked Lisa, is there anything since we met a month ago of concern to you and your review of this on receivables?

Ms. Lisa Sorenson, Financial Analyst, replied as Sharon touched upon earlier with FairPoint and their invoices, we have been working with the City Solicitor on getting some of those claims in. A lot of these receivables are in collections. Like Sharon stated earlier, we are giving them until the end of March, though we are going to revisit those accounts and see if we can pull them out. They may appear on the write-offs.

Alderman O'Neil stated I know we had talked about police details, but are there any specific categories that are of concern or would show significant numbers?

Ms. Sorenson replied if you want to refer to the summary on 5-2, that pulls out some of the bigger items. We have the interdepartmental receivables, which are bills between the departments, Adams Petroleum, Corcoran, and Airport that are the higher ones.

Alderman Long stated the Corcoran Environmental...possible lease payment negotiations, payment delayed. Have they filed bankruptcy also?

Ms. Sorenson replied yes, they have.

Alderman Long asked what is the likelihood of this \$81,000 being...

Mr. Sanders interjected I think I might ask the Solicitor if he could speak to that. I think it would be less than dollar for dollar, but it might be \$.50 or something in that vicinity. I don't know if the Solicitor wants to add to that.

Alderman Long asked are you able to talk about that, Tom?

Mr. Tom Arnold, Deputy City Solicitor, asked I'm sorry, which account are you looking at again?

Alderman Long replied Corcoran Environmental for \$81,250.

Mr. Arnold stated I believe that that figure represents the lease payment that was called for under the agreement with Corcoran and the lease payment on the Dunbarton Road site that isn't being used. As you are aware, Corcoran has declared bankruptcy. We are about to file various motions in bankruptcy court to

try to deal with that situation, but some of that is a pre-petitioned collectable and some of it is a post-petition collectable that we are looking to try to recover. However, I couldn't give you a good estimate of time of the likelihood for recovering any specific amount.

Alderman Long asked we would keep that on the rolls until when?

Ms. Sorenson replied a decision is made.

Mr. Sanders stated until the court renders a ruling on it. I think if you look at the schedule you can basically see that of our over 90 day accounts, which total \$445,000, about 75% of them are made up of the three categories, the Adams Petroleum, Corcoran Environmental and Airport. The Airport's overwhelming majority will be collected. They just have payment delays in receiving payments, which is a traditional experience at the Airport. If you adjust for those three, we are at about \$133,000 of over 90 day accounts, which some significant portion will probably go into collections.

Alderman Long asked is there another process that we could put in the mix? For example, when any agency goes into an agreement where we are looking to invoice them and we don't know whether we are going to get the money back right away or not or how long the process is going to be... For example, details would probably want a copy of their corporate records or something with names on it. I know that during my first term there was a company in question that we were looking for and we ended up writing it off. About a year ago, I saw this company name on a truck. I don't know if they changed names. Is there something that we can implement that better protects the City? Part two of that question would be, as far as the write-offs go, I'm not familiar with the last couple years but I know we were writing off quite a bit two years prior to that. Is there any particular agency or City department where it is more likely to have a write-off? We have a history of write-offs. Is there any department that we feel is more apt to have write-offs?

Mr. Sanders replied I think on the general fund side, between the general fund departments and the normal operating departments, our write-offs have not been extraordinary in the past. I wouldn't characterize them like that. I'm thinking at each year they run somewhere between \$25,000 and \$40,000. I'm not diminishing that that is a significant sum of money, but in the whole scheme of \$40 million in revenues that we are generating each year, that isn't even 1% of that number. The one department is not a general fund department that we're working on and the nature of its business can give rise to having write offs is the Parking Division because of parking tickets. People leave town, change or just refuse to pay parking tickets. Our previous collection agencies, up until a year ago, would not participate

in collecting past due parking tickets. That put us at a fairly significant disadvantage in trying to track down people. Ms. Sorenson has a report in the package this evening that shows where we stand with the collection agency. You'll see that we are collecting about 20% on average of all the past due accounts right now based on the first ten months. Parking is holding fast with that. We have collected about 20% of our past due parking tickets, some of which go back many years. There have been improvements in coordination with the state. The state is now permitting some access to their records in being able to monitor registrations and license plate numbers, which had historically been an issue as well. I think that would be one area where we are focusing and I know we are going to have Brandy come forward as Deputy Chief Simmons did to talk about what they are doing and their challenges. Parking is somewhat unique in the way it operates. You provide the service and hope to get paid later with tickets. It is really all tickets. Everything else is cash or credit card.

Alderman Ouellette stated next month we will have the Parking Division.

Alderman O'Neil stated you said it was all related to tickets, but I thought, if I went back to Lisa's previous report, I saw \$700,000 in permits.

Mr. Sanders stated that could be a category, too. I'm not going to be able to give too many specifics on this, but if I look at page 6-2 for general discussion, you can see that we sent nearly \$1 million in parking tickets into collection in the last year, a significant portion of that being prior to 2010. I don't have the exact details now.

Alderman O'Neil stated go back to 5-41. I believe it is under the customer code 52. It took up quite a few pages. It was \$738,000 in outstanding permits and we still have \$454,000 uncollected.

Ms. Sorenson stated that is the number for the entire report. You would want to look above it for fund totals.

Mr. Sanders stated the total for the Parking Division is \$27,047. The \$738,000 is the grant total for the entire report.

Alderman O'Neil stated so we are only off by about \$5,000 there.

Ms. Sorenson stated the \$27,000 is what was billed and the \$22,878.93 is what is outstanding. That is on page 5-41.

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to accept the Finance Department reports.

Chairman Ouellette addressed item 6 of the agenda:

6. Communication from Lisa Sorenson, Financial Analyst, submitting a summarized collections report.

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to accept the summarized collections report.

## **TABLED ITEMS**

7. Communication from Thomas Brennan, Superintendent of Schools, requesting a waiver of any and all fees associated with the use of JFK and Westside Arenas by the high school hockey programs.  
*(Note: Tabled 11/9/09. Finance Officer to review the revenue on the City side in regards to Enterprise or General Fund.)*

Chairman Ouellette stated items 7 through 11 are the tabled items that last month I said I wanted to go through and clean up, so I think we're ready to go through these, the first one being item 7.

On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to take items 7 through 11 off the table.

Chairman Ouellette asked Bill, could you give us an update on the Westside Arena and JFK ice charges? I know you spoke to the Mayor, and I spoke to the Mayor as well and I think we're all on the same page, but why don't we get an update.

Mr. Sanders stated in the budget preparation last spring, there was going to be about \$75,000 of ice time for the high schools at the JFK and the Westside Arena. In the budget process the preparers of the budget agreed that they would waive the ice fees for this year at the high schools. I know that wasn't ever formally adopted by the Aldermen and that's why this issue is here. The School District has been budgeting for zero and they have received a bill from the Parks & Recreation Division for \$15,000. They are holding that bill right now. The issue is that what the School District wants, as you can see in Dr. Brennan's letter, is for the Board of Mayor and Aldermen to formally waive the fees for this year. Right now we would probably be talking about waiving \$45,000 to \$50,000 through the course of the entire year.

Chairman Ouellette stated I did have a conversation with Alderman Lopez and the Mayor concerning this. Alderman O'Neil was there as well. I think that the figure was about \$75,000, but because West has not been using as much ice time as it

had in the past, we'll be writing off a significantly lower number toward the Enterprise fund, than we anticipated last year.

Alderman O'Neil asked Bill, do you have a recommendation so we can put this to rest? Or is it something that we can only put to rest at the end of the fiscal year?

Mr. Sanders responded it's difficult to come down clearly on one side or the other. I appreciate the School Department's situation in trying to maintain costs, so I understand. And probably what we're talking about in terms of the full year at this point, as Alderman Ouellette said, is somewhere between \$40,000 and \$50,000, so it's not a backbreaking figure. I'd appreciate the opportunity to make just one comment about the situation, and it's more broadly on the recreation fund itself. I think as the Aldermen realize, the Recreation Fund is not breaking even. It's not coming close to breaking even. This year it will probably lose in excess of a million dollars. Next year the budget that was reviewed with the Aldermen with McIntyre is now moving into a somewhat more positive category, but the other venues are still having difficulty. You will probably lose about \$850,00 to \$900,000 this year. This decision isn't going to change the reality of that at all. The School District has not budgeted for it, so if we don't deal with it ahead of time, we're going to have a write-off situation later. I'm supportive of the Aldermen approving it, but I do think going forward there is going to be a broader discussion of the Recreation Fund.

Alderman O'Neil stated I believe the intent was to try to help out the situation. I don't think in the budget process we were very clear with that though. So I have to go with Mr. Sanders' recommendation, but again, I think the intent was to do it, so whether we do it now or later...Somebody pointed out to me there was some confusion with Gill Stadium as well. And I didn't hear that from the Finance Department or from Parks. I heard there was a bill that was going to go from Parks to the School District, and I stand corrected if I'm wrong, but I thought we put some money into Gill to address that issue. There seems to be some real confusion on this whole school situation.

Mr. Sanders stated we'll check into Gill Stadium. They were moved into the General Fund a couple of years ago. I don't know why we would be charging anything out of Gill Stadium.

Chairman Ouellette stated we'll ask Chuck DePrima, the director, if he has any more information on this.

Mr. Chuck DePrima, Acting Director of Parks, Recreation & Cemeteries, stated we haven't billed the School District for anything to my knowledge, or even attempted to, regarding Gill Stadium. As Mr. Sanders said, that was put into the General Fund several years ago.

Alderman O'Neil asked are there any other users? Are you charging Trinity? Are you sending Trinity a bill?

Mr. DePrima responded we are attempting to. We have not in the past. There was an issue that came up recently regarding Friday night football in which the School District had booked time for soccer during that, and Trinity was requesting those slots for their home games, but they were requesting it at no charge.

Alderman O'Neil asked has that been resolved? This is the exact issue that was brought to my attention. Has that been resolved yet?

Mr. DePrima responded it has not been resolved to my knowledge. I've been told several different things by Trinity and by the School District, and I have not heard a final word as to whether to bill them or not. The issue is the demand fee. The School District's position is that once that switch is flipped and the lights come on, no matter how many times you turn them on after that, you are charged with a \$2,700 demand charge from Public Service Company. What happens is we receive the bill.

Alderman O'Neil stated once a month you're charged.

Mr. DePrima stated correct. We receive that bill and then appropriately charge the School District for just the electricity.

Alderman O'Neil stated this is the whole issue tying together and I apologize that I didn't have the details on it. Chuck, can you get together with the School District and Trinity and Mr. Sanders? Could you have somebody from your staff join them on this, Bill? This demand charge issue still seems to be a problem and I think the School District has the least understanding of it, even though I've sat at two meetings with them on the issue of Public Service. Chuck's right. You throw the switch. It's the fee whether you use the facility once or 30 dates in the month. It's the same fee. The School District is having a very hard time understanding that for some reason.

Mr. DePrima stated I think actually they do understand it now. What they're attempting to do is maximize their return on that fee by booking it as much as possible, since they're already on the hook for that fee. They felt as though, since there were unused slots, they would book their own programs in there.

Alderman O'Neil stated I would just ask that the departments get together and try to resolve this. Gill Stadium was renovated to be used by the community as a whole, not exclusively the Manchester School District. That needs to get worked out. I'm sorry I didn't have all the details, but I'm glad I had the people here that could enlighten me.

Alderman Long stated with respect to item 7, seeing that there is already an invoice of \$15,000 that's been sent to the School District that they're not moving on yet, would it behoove this Committee to waive this and send it to the full Board so that we can address it?

On motion of Alderman Long, duly seconded by Alderman O'Neil it was voted to waive the fees associated with the use of JFK and Westside Arenas by the high school hockey programs and send the item to the full Board to be addressed.

8. Update on the status of Policy and Procedure manuals for each department.  
*(Note: The Committee has requested that all manuals be completed by June. Tabled 1/06/09. Retabled 7/07/09.)*

Mr. Kevin Buckley, Independent City Auditor, stated currently I have a policy and procedure manual from every department.

Alderman Long moved to table this item.

Alderman O'Neil asked are you satisfied that they all meet the objectives of having the manual?

Mr. Buckley replied I've only been able to skim over them. There is a range of how good they are, but they all seem to have addressed all the elements from the various worksheets I gave them. I haven't deeply looked to make sure that all the controls are there or if they are missing a control if there is a compensation elsewhere. On the face of them it looks as though they are complete.

Alderman O'Neil asked when will you have a chance to make sure that they are all in compliance and consistent with what our goals were?

Mr. Buckley replied the only way I am going to be able to do this is when I actually go out there and start testing on audits. Every time I do an audit, the first thing I do is grab the policy and procedures manual and really go through it with a fine tooth comb.

Alderman O'Neil asked they were given guidelines?

Mr. Buckley replied yes. They were given guidelines and an internal control evaluation form that would help to guide them through that. If they filled out the forms and did everything correctly, all those elements should be in there.

On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to table this item.

9. Communication from Kevin Buckley, Independent City Auditor, submitting the P-Card Program Performance Audit.  
*(Tabled 11/25/08 waiting for solutions to all of the observations)*  
*On file for viewing with Office of the City Clerk, One City Hall Plaza.*

Mr. Buckley stated this audit had a number of issues with internal controls over the P-Card Program. At the time, it was a very new program. They had just gotten it so they were still fine tuning it. There were some issues with the policies and procedure manuals over the program. The manual has been completely revamped. All the elements that I asked them to put into the program have now been incorporated and I believe that all those observations have been cleared up.

Alderman Long asked so solutions to all the observations have been addressed?

Mr. Buckley replied yes, they have.

On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to receive and file this item.

10. Communication from Kevin Buckley, Independent City Auditor, submitting an audit of the Office of the City Clerk, Business License and Enforcement Division.

*(Tabled 10/21/08)*

*On file for viewing with Office of the City Clerk, One City Hall Plaza.*

Mr. Buckley stated it has been a while since I even looked at it, but I believe we corrected all of those. We went through and took care of it. The internal control problems in there were relatively minor and easy to fix. It was a computer observation that we have fix, too.

City Clerk Matt Normand stated the one piece that we were looking for in that audit was software that we purchased through a module that would allow us to connect to HTE and allow us to reconcile much easier in the office. Representatives from HTE came over last week to put the hardware in so we are pretty much at the end of that audit.

Alderman Long asked with respect to the enforcement division, did that have to do with the business license?

Mr. Buckley replied yes. It was that audit.

Alderman Long asked what you are saying is...it doesn't say what the problems were or if there were any. It just said that is was tabled on 10/21. Kevin, in your judgment...

Mr. Buckley interjected once they are able to reconcile those accounts, which that thing is definitely going to be able to do now, the big control that would have taken care of all of those problems is in place.

Alderman Long asked you have capabilities to reconcile that account?

City Clerk Normand replied the issue was that the business license program was a program written by the Information Technology Department about ten years ago. It did not have a direct interface with HTE. In the FY09 budget we purchased, for \$13,000, the software module and hardware to allow us to do that. They are completing the installation currently and we will be able to reconcile and do all the things that the audit requested.

Alderman Long asked do you have an estimated time when that would happen?

City Clerk Normand replied I would assume within the month. Tony Schaefer was in our office on Friday to nail down the installation of the hardware.

On motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to return this item to the table.

11. 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.)*  
*On file for viewing with Office of the City Clerk, One City Hall Plaza.*

Mr. Buckley stated if you remember, the fraud in the VISTA Program was two parts. It was submitting false documentation to get reimbursement on and it was submitting timesheets into the payroll system for the VISTA volunteers for their stipends and taking advantage of a flaw in that whole system. Since that time, the VISTA program has been moved to the Health Department and all the invoices now go through the Health Department Business Office. The Health Department, in their policies and procedures manual, has it in there to be looking for original documents. There are now controls over that part of it. That half of it was taken care of by the move to the Health Department. The other big half of that was with the paychecks. Originally, the federal government paid those people directly and then the City took it over and we were paying them. Recently, we have gone back to the federal government paying those people so that part has been taken care of. It is now the federal government's responsibility to track that.

Alderman O'Neil stated my understanding is that the VISTA Program has been or will be moved to a non-profit agency. Are you aware of that?

Mr. Buckley replied I'm not aware of that. I have heard some discussion of that, but I wasn't aware that it was actually going forward at this point.

Alderman O'Neil stated it might not be this Committee's duty, it might be more CIP, but can we ask for clarification on the status of the VISTA Program?

Chairman Ouellette asked as to where it is going?

Alderman O'Neil replied not necessarily for the Accounts Committee, but for the full Board. I thought it was already a done deal, but maybe it isn't. I don't know if anyone back there has any information.

City Clerk Normand stated I believe that Director Soucy said last week that it was going to be moved to Families in Transition. The state office had pulled that and transitioned it over to Families in Transition

Alderman O'Neil asked so we don't have any say where it is?

City Clerk Normand replied correct. That is a state decision.

Alderman Long moved to receive and file this item. The motion was duly seconded by Alderman O'Neil.

Alderman Long asked do we know how many entities within City government need to be audited? Do we have a number of that?

Mr. Buckley replied I have a rough assessment that I did ten years ago that broke things down into auditable areas and I was starting to do a new one this year, but kept getting pulled off so it is half way through. For a single person auditor, I couldn't just to the Police Department. I would be there for years. I would break the Police Department down into several auditable areas. The list is pretty long.

Alderman Long asked there are areas within City government that go without an audit for four or five years?

Mr. Buckley replied yes. You have to remember that we have our City wide auditor who looks at an overview of everything. They are watching out for that stuff, but they don't get down to the level that I do in my audits. Frankly, there are places in my tenure here that I probably never get to. I look at those as very low risk auditees. They don't handle cash, don't have large expenditures, don't collect that much revenue or the revenue they collect gets collected somewhere else so I am able to safely not go into that area.

Alderman Long stated in your opinion, do you feel that there are more independent audits that you need to get to?

Mr. Buckley replied yes. I have taken a risk based approach. I am trying to hit the riskiest areas.

Alderman Long stated just because an area is risky doesn't mean...there may be one risk. There may be audits that are needed for your risk. You have medium risk and high risk. I'm trying to cover ourselves in terms of assuring the taxpayer that we are following up and we're accountable to make sure everything is flowing smoothly. With just one independent auditor, I'm wondering if there are some audits that need to be done, but they don't see an audit for three, four or five years. A list of what would be auditable, whether it is broken down by risk, and what audits we can get to in a year's time...

Mr. Buckley interjected you have to remember that the audit universe is huge because I do financial audits, compliance audits, performance and contract audits. The things that I can audit are endless. I think the City has come a long way since I have been here in the last ten years with their internal controls.

Alderman Long asked in your opinion, the more we are system oriented is it easier to do audits?

Mr. Buckley replied it is harder for me to do the audits because I am not a system auditor. We have been discussing this. I have been on a committee that is dealing with cyber security and issues like that and we have been discussing that issue of how we are going to get around doing some testing. I will generally test around the system. I'll see the inputs that go in and then I will test the outputs on the other end to make sure everything has gone through correctly. What really needs to be done is an audit where they are looking inside the system with people who know what they are doing with computers so they can see the controls inside the system, which is beyond my expertise.

Alderman Long asked we're not doing that now?

Mr. Buckley replied we're not doing that now. I minimize the risk by auditing around it, but eventually we should think about hiring someone to do a systems audit for us.

Alderman O'Neil asked would you agree, you mentioned ten years that we've come along way...with the external auditors there is usually a number of recommendations or areas of concern and we seem to have come along way in a number of comments that the firm has made regarding controls. Am I correct?

Mr. Buckley replied correct. The comments they have left in the management letter are really pretty minor, where ten years ago it was a little worse.

Alderman O'Neil stated they still comment on things like the Parks Enterprise that Mr. Sanders spoke of earlier. Secondly, we must remember that on a regular basis the Board of Mayor of Aldermen is pulling you to review issues of concern to us, which weren't in your plans to begin with. Sometimes those can be very time consuming.

Mr. Buckley stated and very necessary in many instances.

Alderman O'Neil asked would it be possible at some point to follow up with where Alderman Long was going with where we should be going and some recommendations there, maybe just in the big picture? Also, where we have been? Mr. Buckley replied when I finish up the audit I am working on now, which will probably be in another month, I can finish the risk assessment and I can give you that and show you the areas that I think are riskiest and the financial audits that should be done first.

Alderman O'Neil stated I would like you to show where we have been though because we have done a lot of good work in the past.

Mr. Buckley stated okay. I'll try to put something together for that as well.

Alderman O'Neil asked and you won't have that for us next week?

Mr. Buckley replied I don't think so.

Chairman Ouellette called for a vote on the motion to receive and file this item. There being none opposed, the motion carried.

There being no further business, on motion of Alderman Long, duly seconded by Alderman O'Neil, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee