

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

**March 15, 2010**

**6:00 PM**

Chairman Ouellette called the meeting to order.

The Clerk called the roll.

Present: Aldermen Ouellette, DeVries, Long, Roy, O'Neil

Messrs: B. Sanders, S. Bassett, B. Stanley, L. Sorenson

Chairman Ouellette addressed item 3 of the agenda:

3. Review of FY2009 Comprehensive Annual Financial Report (CAFR).  
*(Note: Representatives from the Independent Auditor (McGladrey-Pullen) will be present to answer questions. A copy of the report has been sent under separate cover by the Finance Department.)*

Mr. Bill Sanders, Finance Officer, stated good evening, Aldermen. I believe you were distributed the CAFR Report with the mail last week for fiscal year 2009. I think the Clerk has handed out to you the comment letter of the independent auditor. I would like to introduce you, for those of you who only see him once a year, Scott Bassett, who is a partner with McGladrey-Pullen, the auditors for the City of Manchester for many years now. I would turn it over to Scott and have him summarize the report for you and answer any of your questions.

Mr. Scott Bassett, McGladrey-Pullen Partner, stated thank you, Bill. We conducted the audit for the City of Manchester for the year ending June 30, 2009. We conducted our audit with generally accepted auditing standards. It is our opinion that the significant factor this year, I'll say non-dollar factor, was that in the previous years we had qualified our opinion regarding the value of the Civic Center. It was the position that if default were to happen there would be some type of moral obligation on the part of the City to pay for those bonds. Bill, with the help of City core counsel, outside attorneys, bond counsel and us went through a very detailed analysis working also with some information from the rate agencies as what would happen. After a lot of conversations and some documentation coming back and forth, we were able to satisfy ourselves that the City would not

be under any obligation to repay that debt. The situation of facts changes from year to year and as a detail analysis was done by the rate agencies back in the spring of 2009 it helped us to clarify that obstacle. For the first time since the Civic Center has come in to play, we were able to give an unqualified opinion on the finances of the City. MTA had a small qualified, but that is not part of our audit. That is part of their independent audit. We are going to see if we can work with them to get that one hiccup out of there so we can have a clean opinion for the City. That was the major change as far as our opinion goes. Operation wise this year, we were talking about the general fund. The general fund had a budgetary loss of \$5.7 million. We used some rate stabilization funds. The unreserved fund balance went from a deficit of \$.8 million to \$4.3 million in the current year. Part of that loss was a makeup of less than expected investment income, less than expected building permits, and some expenditures in their line items. In addition to that, the unreserved fund balance was affected by the continued recreation fund, which I talked about last year. The recreation fund had an approximately \$950,000 loss in the 2009 year, bringing the amount that it owed the general fund to approximately \$3.6 million. If that fund were to have broken even, your deficit would have gone from \$.8 million to \$3.3 million instead of \$4.3 million. That is a drain on the unreserved fund balance. I wanted to bring that to your attention because it is one of those funds that are accumulating every year and as long as it accumulates it is always going to have impact on that unreserved fund balance. I would caution you on that and have you continue to look at that. Another significant event during the year was the sale of some land so we had some monies that we reserved to resell the land, about \$3.3 million. That dropped down into a one time revenue which the City designated for special revenue funds at \$3.3 million. Our overall unreserved undesignated fund balance as it relates to expenditures is 8.1% and the overall balance is 13.3%. The balance is still there. Your rainy day rate stabilization fund did decrease in the current year. As far as comments go, I think the City and the major departments did an excellent job with their internal controls. There are no significant deficiencies and weaknesses were noted. We did have one item that was small that has been corrected but it did come up in part of our testing. That has been corrected. From an overall standpoint, the City does a really good job as far as getting records together and producing this 135 page document. With that, I would be more than happy to answer any questions that you may have about the financial statements for the year ending June 30, 2009.

Alderman O'Neil stated I'll go to your management letter. It is a five page document. The first observation of the accounting of non-tax revenue...I see the note from the Finance Department. This question may be for the Finance Director. Is there anything that HTE does? Every time we turn around, HTE doesn't do something. We buy a financial management system. This predates you Bill, and it never has the software to do what we need.

Mr. Sanders replied HTE is not a perfect system. Some of the issues with HTE date to its original implementation and the level of flexibility we gave ourselves or did not give ourselves at the time we did that. I think we are making progress on improving the functionality of HTE. HTE is a large company that has a large vested interest in making their software work. It is used by many municipalities and state governments throughout the country. There is much that remains to be done with HTE to bring it to full functionality for the City, but I don't think moving to another platform or moving to another software package would be worth the investment that would be required and we may well find ourselves at the end of that process having some dissatisfaction with the new one. I believe that most of the City department are working or trying to work with HTE and the Information Systems Department under Jennie Angell has been prioritizing matters with HTE that they have been addressing.

Alderman O'Neil asked do you happen to know how long we have had HTE?

Mr. Sanders replied I believe we have had HTE since about 1999 or 2000.

Alderman O'Neil stated it just seems like every time we turn around, I'm not being sarcastic, we always have to design something beyond their capabilities. My second observation: Aren't we doing some of this through CIP? Our CIP Program, the grants?

Mr. Sanders replied yes, that's true, although I think that the CIP organization is focused more on the Planning and Community Development side or at least the staff work. I think this comment is more addressed to if we had a centralized function for all grants we would assure that we maximize our grants and that we have a staff of two or three people who are focused on maximizing grants for the Police and Fire Departments, not just the Planning and Community Development Department. I'm not suggesting that the staff doesn't do an excellent job, but I think this comment is more in terms of ensuring that we are devoting our resources to all the grants that we could possibly achieve.

Alderman O'Neil asked this comment from Scott is more about once we receive a grant how we are managing it, correct?

Mr. Bassett replied I agree with Bill. With the federal regulations and the federal ARRA money that is coming in, there are so many stipulations that go with those grants. For instance, if an ARRA grant supplements a \$200,000 grant by \$100, that program is a high risk program, meaning that the auditors have to audit it. Knowing that the source of funds is in one location would be beneficial just so the City could stay in compliance with the grant agreements that they are applying for.

I think this year is more important than in past years because of the new regulations coming with this type of money and taking full advantage of that. In addition to that, as Bill said, I think with the money that is available out there someone who has the knowledge of the various granting agencies and asking for the money would be beneficial for the City.

Alderman O'Neil asked do you have other municipal clients that have addressed a similar issue and would you be able to get back to the Finance Department about how they did it?

Mr. Bassett replied sure.

Alderman O'Neil asked was it one person doing a very specific task and did that help? I don't want to speak for my colleagues or the department, but I think we would be interested in that.

Mr. Bassett stated I have a large city in Connecticut that has done that and it has worked out very well. I'll talk to Bill and Guy about that. They have a grants administrator who oversees the compliance. The city took in almost \$15 million of federal grants in the current year. A lot of that has to do with aviation, but it is still a large sum of money that is coming into the city from federal grants.

Alderman O'Neil stated the employee personnel files regarding an employee's dependence, which was your fourth observation...There is a very detailed description of action that needs to happen. Is that consistent with what other cities are doing?

Mr. Bassett replied yes. A lot of this process has become more computerized. They can take your database and as far as a dependent order, they come off the roles and they can target the people just based on the database. The steps that the City is going through would almost be like a reenrollment. As you come in for your benefits, if you have children in college, prove your marriage license and things like that, it could be very beneficial, especially if you haven't done it for past employees. We did it for one city, maybe a little larger than the City of Manchester, and the savings was almost 10% in one year on that health insurance. It wasn't so much that the city was taking anything away, but they were making sure that the benefits were being paid to the proper employees and their dependents. I think it is a great exercise. Once you get through it once, it is easy to upkeep. In these financial times, that is one place where you could save some money with a little bit of effort, but not taking any benefits away.

Alderman O'Neil stated in that particular case, did that municipality follow...it seems very burdensome.

Mr. Bassett replied they hired us and we had the employees come in with proof of documentation. Since that time, to be quite honest with you, there are outfits out there that do it much more efficiently than just the paper documentation trail that we see now.

Alderman O'Neil stated on observation number five, I thought we were making some good headway with purchasing. I guess I was not surprised, and maybe this isn't as critical as I'm reading it.

Mr. Bassett stated it is a management observation. You have made great strides. That's exactly what it was, an observation. It is one that management can respond to, but if it were something significant or material, I would have to report that at a higher level so in pure accounting terms, it is an observation and probably not critical, but something you could choose to do improvements on.

Alderman O'Neil stated Scott, you have been our auditor for a number of years and I think we have been a client of yours since we went to what we call coordinated purchasing. Just off the top of your head, do you think that has improved our purchasing function in the City?

Mr. Bassett replied I do. I think it has made it uniform. Efficiencies have been realized there and I believe we have management referral conditions on the purchases so a lot of improvement has been made. Now it is more of dotting the i's and crossing the t's, but I think there has been some very good improvement.

Alderman DeVries stated probably Mr. Sanders the comment is more appropriate for you. I apologize for just having received the independent auditor's reports tonight. I haven't been able to see if there is a lot that jives. On page nine of the CAFR, the independent auditor's report...I'm questioning the Transit Authority and their decision not to account for their future post employment benefits as I thought was required for FASB 45 compliance. I don't know if you can speak to it or Mr. Sanders can speak to it, but I'm wondering how the decision was made, what impact it has on the City and what my concerns should be as an elected official.

Mr. Bassett stated they are audited by a separate auditor than myself so we just take that opinion in the report and bring it into the financial statements. The impact is that we got over a large hurdle this year with the Civic Center and that qualification. Now, this is one, in my view as an auditor, that is easily remedied. I know Bill and Guy are hoping to sit down with the MTA and say okay, we don't want this; we want an unqualified opinion and judge the materiality of it. That would be my first question: How material is it to their financial statements?

Secondly, they should come up with an actual plan to take that data. I would think that they could do it pretty inexpensively and get rid of the qualification.

Alderman DeVries asked was this done in order to improve a budget scenario? I just don't recall seeing this comment previously about Transit or any other City department.

Mr. Sanders replied we became aware of it after the audit report had been issued by MTA. We didn't realize they were going to get a qualified opinion. They are a separate agency from the City. We don't have the same auditors so some of our financial oversight of the MTA is different. The issue that it is being qualified under, you know what it is, but for the benefit of the other Aldermen who may or not know what OPEB means, the accounting standard requires you to accrue a liability at a balance sheet date for medical benefits that you provide your retirees in their retirement years. It is a difficult number to calculate. You need actuaries and that sort of thing. Although for the number of employees and certainly for the number of retirees that we are talking about at MTA, this should have been an item that could have been addressed fairly promptly and taken care of. We haven't had a chance to have a conversation with Mr. Whitten, which we intend to do in the next month to provide our resources and any other help we can to identify this number and get it recorded. It is unfortunate and likely unnecessary that the opinion had to be qualified. It was done without our knowledge. No one had called us or requested our input. I can assure you that we would have attempted to avoid this outcome.

Alderman DeVries stated thank you for the background, Mr. Sanders. I guess I am also curious about the liability for the City even though they are an Enterprise and somewhat separate. Is there a liability for a major lump sum or hit on financials trying to make those employees whole?

Mr. Sanders replied I would not expect that it would be significant. I don't have an exact count, but I'm going to guess that there are probably a total of 50 to 100 active employees and retirees associated with the MTA. You figure out their medical benefits and you present value them back to today. I would think that it would be less than \$1 million. It is the accounting rules and you have to apply accounting rules and they need to fix this. I'm sure they will.

Mr. Bassett stated I would make one qualification there. The standard does not make you record that total accrued liability. The liability that would hit their statement of assets would be the difference between what the actuary required contribution is and the pay as you go amount. It seems to me that they didn't measure that actuary accrued liability for footnote disclosure. They are paying the benefits, but based on 45, to find it fully over 30 years the annual contribution is

calculated by an actual and then you pay as you go. That difference would hit your balance sheet. As a disclosure, just like for your pension plan, you have that accrued liability for all future benefits that could be paid. That is a footnote disclosure that they would have to make based on an actuarial calculation.

Alderman DeVries stated I need you to clarify for me. I understand that you say that it is a footnote disclosure. Does that mean that within the books for Transit, the actual funds are held in reserve or paid out?

Mr. Bassett replied no. What it means is that they will measure your current employees and your retired employees and do the actuary calculation based on discount, rate of return, things like that and say here is what you would have to pay today if everyone retired, which may be X amount. That doesn't get to your balance sheet. That is just a footnote disclosure, similar to your pension plans. If you look at your pension plans, we measure the assets in that trust fund, but we don't measure the liability against those assets on the face of the financial statements. It does get disclosed in the back of the footnote. FASB 45 works very similar to your new system pension plan as you measure assets and liabilities. The problem with OPEB is that there are no assets or trust funds set aside.

Alderman DeVries stated because so much of Transit has a component of federal dollars, I would have to assume that there has been some oversight, if you would, and the paperwork that has been filled out for the federal dollars flowing through Transit for compliance. Would you agree? Maybe you don't know.

Mr. Bassett replied on their data collection form from the federal government there will be a question about a qualified opinion and at that point it could trigger something there. There is some reporting about the qualified opinion.

Mr. Sanders stated I believe for their grants they account, not to use all this accounting lingo, but on a pay as you go basis. I think that is how the grants work. You couldn't put my guess of \$1 million on your grant application and expect to get reimbursed for future costs. I think that the federal funding requirements would ask what you actually paid for health insurance and the reimbursement would be determined on that. Although I don't know for sure, I would be highly confident that audits have been conducted on the MTA by the Federal Transportation Administration and others who provided this money over the years. If there had been issues with their reports or grant applications, they would have heard about that and I'm not aware of any.

Alderman Long stated five of the six observations were repeated from last year. Do we know if the management's corrective action plan was the same as last year or are they different?

Mr. Sanders replied in large measure I think they are similar. I wouldn't say exactly the same, but similar. Speaking for the Finance Department and the entries that deal with journal entries and that sort of thing, we recognize that we develop these policies manuals and our policy manual does not have something in there for the approval of journal entries and we are going to be undertaking to update our policy manual for that. We hoped a year ago that we had done that, but we didn't.

Alderman Long asked with respect to journal entries, do departments have the same stand alone systems that they enter journals into?

Mr. Sanders replied yes, they are all entering them into the HTE system that we talked about.

Alderman Long asked and that is the problem?

Mr. Sanders replied I don't think HTE is the problem with the journal entries. This is really a documentation of procedures comment, not our accounting system. For example, we need to have approvals in place for when it requires Bill Sanders' approval or Guy Beloin's approval that things can be recorded.

Alderman Long asked on observation number four, could I assume that the slips through the cracks of employees receiving such benefits is the majority of spousal or child dependents over the age of 19? Is that what you found to be the higher numbers?

Mr. Bassett replied we inquired just because of our past experience with other cities and what the control is there. We don't go in and do a full audit of the beneficiaries, but we did see that there were some improvements in the control and verification processes and so that is what the observation has to do with. As far as to give you an exact number, that is where your risk is as far as remarrying and divorces and things like that. I do think that is something that you can get a handle on. Also, there are ways that they can do those dependent audits that are very computerized that will take the large population and bring it down and that is where you are going to save dollars, just based on statistical samples.

Alderman Roy stated I have a comment on observation number three. Kevin Buckley came before us and he addressed the department policies and procedures to help with the question of those. Correct me if I'm wrong, Mr. Sanders, but he said almost all of those departments have those policies and procedures developed and that as he goes through his audits he will be testing those to see if they actually work. I think that is almost taken care of. I think that is one where we are just dotting the i's and crossing the t's.

Chairman Ouellette asked Scott, are you going to be back tomorrow night for the full Board meeting? Are we going to have another presentation at the full Board meeting?

Alderman O'Neil asked on the observation regarding grants, you had indicated your willingness to provide us with some information on something another municipality had done. Do we have to keep in mind that we should keep Finance separate because they are checking what is going on?

Mr. Bassett replied I think it could fit under your finance position. There is a lot of financial reporting that goes with those grants, quarterly reports and things. It is something that if a person were to report directly to someone, it would naturally be to Finance because they help them generate the reports that are required for those funds.

Alderman O'Neil stated on observation number five, you emphasize that on the purchasing that this is just an observation. I failed to write down the term you used that you would have commented on several years ago regarding purchasing.

Mr. Bassett stated basically, the comment level is a material weakness where I guess you prevent protection controls on a place where it could be material to the financial statements if something were to go awry. The next one would be deficiencies. It is a lesser degree, but there isn't that prevention or detection control in there or strong protection controls that may allow misappropriation of assets. This is an observation so I always look at it as trying to find two preventions and two detection controls, check and balance. I would say with this one, you probably had a protection and a detection control, but we may need another one just to get that strengthened.

Alderman O'Neil stated just so I understand, the worst of the three is significant deficiencies?

Mr. Bassett replied no, sir, material weakness.

Alderman O'Neil asked and then significant deficiencies and then management observations?

Mr. Bassett replied yes.

Alderman DeVries stated I'm back to the CAFR again on page 11, the fourth bulleted point noting the fund balance and the year ending with a 3% deficit. I'm wondering if you could speak to that and maybe put that into reference for me.

Mr. Sanders stated of the \$4.3 million undesignated deficit in the general fund...overall, the general fund has a surplus, but just some of that is in the rainy day fund, and some is in the special or one time funds. There is a \$4.3 million deficit in the undesignated general fund. Of that figure, about \$3.6 million of that deficit is entirely attributable to the recreation fund. The loses that we have incurred in the recreation fund and under the accounting rules and the supervision of our auditor, he has been requiring us for the last couple of years, to fully reserve what we are advancing to the recreation fund. He is skeptical on the ability of the recreation fund to pay that back. We have to write it off or reserve for it. That is what is generating that deficit. There are some other generally accepted accounting adjustments and depreciation and other things that we do in moving from our budgetary system, but if we can solve the recreation fund situation over the next 12 months, we will go a long ways towards eliminating that deficit.

Alderman DeVries stated going towards that end, I would have to assume, if you haven't already been request to do so you will give us better historical data on that and breaking it down and showing us trending over a decade.

Mr. Sanders stated I provided a letter about a year and a half ago doing some of that and it is time to update that as we reach the end of this fiscal year. I agree.

Alderman O'Neil stated give me the two numbers you mentioned about the recreation fund.

Mr. Bassett stated last year the reserve was approximately \$2.5 million; this year it is approximately an increase of \$1 million so it is \$3.5 million. Basically, it is an indirect subsidy. Under GASB, if it an Enterprise Fund it should be self-sustaining and be able to support itself. The fund has not been able to do that. For an auditor, we have to take a look at that and see that it goes through the accounts and to see when it will be repaid and certainly it is not in the next 12 months. As lawyers, we then have our professional skepticism and say that the proper accounting procedure is to reserve that because it really isn't available. For instance, that \$4.3 million, if that was at \$.8 I really would be misrepresenting that because you really don't have that. There is no way you are going to be repaid \$3.5 million at the end of 12 months from the recreation fund.

Alderman O'Neil asked did you say in fiscal year 2009 it lost...

Mr. Bassett interjected \$950,000 I believe.

Mr. Sanders stated it would be approximately that. I would have thought a little higher.

Mr. Bassett stated let me double check that.

Mr. Sanders stated they spent more than they brought in at the McIntyre, two ice arenas and Derryfield.

Mr. Bassett stated the net change in assets in 2009 was \$953,000. That is their operating loss.

Alderman O'Neil asked and that went from previous \$2.5 million and you rounded off when you said \$1 million. It was \$953,000?

Mr. Bassett replied yes, but they have assets. They owe the general fund \$3.5 million. Their net assets are \$2.5 million, but they have non-tangible assets that aren't liquid and that is what we have to worry about as far as the repayment goes.

Alderman O'Neil asked we can't just take a simple vote and say it is no longer an Enterprise? Next year you come in and say...I'm being somewhat sarcastic.

Mr. Bassett stated a couple things have to happen. At some point with these advances, as we did with the aggregation fund a couple years ago, it becomes a operating transfer. It is a subsidy. Accounting rules...we have coming in 2011 a new pronouncement about fund balances and the classification of fund balances so you may have to take a look at that. That is something that at some point you have to say they are not going to repay us so it really is a subsidy from an accounting standpoint. Just like any bad debt, you may have to write it off, not that they can never repay you, but to you it is a receivable.

Chairman Ouellette stated like we said, if any more questions come up, certainly Scott will be here tomorrow night to address those questions at the full Board. I'll be looking for a motion to accept the report and refer to the full Board.

On motion of Alderman O'Neil, duly seconded by Alderman Roy, it was voted to accept this report and refer it to the Board of Mayor and Aldermen.

Chairman Ouellette addressed item 4 of the agenda:

4. Travel Conference Summary submitted by Thomas Malafronte, Airport, for Air Services Data Planning Conference in Las Vegas, Nevada from January 24, 2010 to January 27, 2010.

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

Chairman Ouellette addressed item 5 of the agenda:

5. Discussion relative to the billing and collections process of the Parking Division.

*(Note: A representative from the Parking Division will be in attendance.)*

Chairman Ouellette stated we have Mr. Sanders and Ms. Stanley available for questions in terms of the collection process of the 90 day past due.

Alderman Long asked Ms. Stanley could you give me a quick overview as to your billing procedure and your collections and if you would know the percentage of success that you would have in a collection?

Ms. Brandy Stanley, Parking Division Director, stated currently, we have about 4,000 or 5,000 individual accounts that we bill for on a monthly basis. That consists of parking permits and permits in the parking garage. It is a lot of accounts that we bill for every month. Basically what we do is generate a monthly management report that we are going to be going over with Finance. There are a lot of individuals who have just one permit, which is why we have such a high number of billed accounts. For instance, McLean has 150 or 170. That is one account with 170 parkers, but there are a lot of them that only have one parker. After 30 days, we are calling the individual account holders if they haven't paid and asking them whether or not they are still parking. If they are not, then we will go ahead and cancel the account and try to get the permit back. If they are, then we ask for payment. If they don't pay by 60 days then we are going to be sending them a letter saying that their account is going to be canceled if they don't pay or turn in their permit. After 90 days, they will be sent to collections. For companies, which typically pay a lot slower, we push that process out by 30 days. For instance, if a company that has 100 parkers doesn't pay by the time it hits 60 days, we are going to call and ask them when we can expect to receive payment. At 90 days we will send a cancellation letter and then we would send it to collections at 120 days.

Alderman Long stated I'm looking at some of the companies that have a transaction date from 8/2/07. Could I assume that they are not paying because it is still on here? Would they be off your records as to not be granted permits anymore or are they still considered to have a permit?

Ms. Stanley replied they would not be considered to have a permit. If someone doesn't pay for an extended period of time, we would stop billing the account. Some of those balances that are outstanding since 2007 or 2008, I would be

willing to bet that the vast majority of those are already in collections and we are certainly not billing for them anymore. In terms of the collection rate, to answer the second part of your earlier question, we looked at what we billed and what we collected for parking permits for fiscal year 2009 and our collection rate is 99.43%. Thus far this year, it is 98.31% and that is through the end of February. Overall, it seems like we are doing a pretty good job of collecting what we have billed.

Alderman Long stated what I am looking at on these reports...it is all permits and a couple of meter hoods, but the majority of them are permits and they are over six and seven months. I'm wondering when we...I can assume that in six months they will be in collections.

Ms. Stanley replied that is a safe assumption, yes.

Alderman Long asked how long to they stay in collections?

Ms. Stanley replied what we found, at least on the parking ticket side, is that the longer they stay in collections...the company that we retain currently will continue to work an account for as long as we leave it with them. If we leave it with them for ten years they are going to continue to work it for ten years. Often what happens is that someone will drop off the radar screen, they will move, they don't have a valid address or phone number on file and then maybe three years later they will pop back up and at that point that collection agency will catch the new information and continue to collect the old debt. In terms of when we should be writing this stuff off, I don't know what the City's policy is and I think that is one of the things that we need to work out with the Finance Department in terms of how long we let it sit on the books.

Alderman Long stated I'm certainly not looking to write them off. Did you tell us the percentage that the collection agency collects? Is there a percentage?

Ms. Stanley replied I did not. Again, there are two categories, monthly billings and parking tickets. For the parking permits we first started sending information to them in March of 2009 so they have had just about a year to collect. Right now, their collection rate for parking permits is 20.62%.

Chairman Ouellette stated the Hillsborough Count Sherriff seems to have quite a bit outstanding over 90 days. What is the reason for that? Do they have a reason? They have things outstanding from 2008 and we are still issuing permits.

Ms. Stanley replied unfortunately I don't. I haven't been working on that account personally. I know that we are actively working with them. If you would like, I can put together a synopsis of what happened with the account, what's going on and where we are with the collections and I can send it to you.

Chairman Ouellette stated to me, owing the City \$1,010 over 90 days is a bit unacceptable. Sure, most of these are people being irresponsible and not paying their permits, but Hillsborough County Sheriff's Office really should be stepping up and paying their parking permits. From one government agency, they should understand that the revenue is very important to the City. In my opinion that is unacceptable.

Alderman Roy asked Brandy, on these permits that haven't been paid since 2008 or 2007, are those people still using those permits?

Ms. Stanley replied no.

Alderman Roy asked you collected those permits? They no longer have them?

Ms. Stanley replied we reissue the parking permits once a year so if there is an account that is not current when it comes time to reissue them, we will not reissue them unless payment is made in full.

Alderman O'Neil stated Brandy, you mentioned a number of individual accounts. How many are there?

Ms. Stanley replied we have approximately between 4,000 and 4,500 accounts that we bill for. They are not necessarily all individuals, but that is the number of accounts that we bill on a monthly basis.

Alderman O'Neil stated that is kind of a broad range. We have 4,000 or we have 4,500. Can you get back with that number? It would be appreciated.

Chairman Ouellette asked do you have the list in front of you? I want to ask a question and I don't want to mention anyone's name. Do you have this list in front of you?

Ms. Stanley replied I do not. Now I do.

Chairman Ouellette asked can you turn to page 8-35? It reads 08 and the month is seven and ten on the bottom one. If they haven't paid a \$45 permit fee for July, come June of the next year, why are we still issuing permits? Or am I not reading that right?

Ms. Stanley replied you are reading it correctly. There is one full year that coincides with the date that we reissue permits. You will see that in July, which is the month immediately following when we issued the new permits there is billing and then the billing stops the next time we reissued the permits.

Chairman Ouellette stated the person didn't pay the permit fee in July of 2008. When we stop receiving payment, does the permit holder pay one time per year or do they get a bill every month?

Ms. Stanley replied they would get a bill every month.

Chairman Ouellette asked after the third or fourth month of not receiving payment, wouldn't that permit be pulled?

Ms. Stanley replied once again, this was 2008 to 2009. We have since revised what we have been doing to make sure that we catch them and stop the billing process. One thing that we cannot do, if a customer does not choose to give us back the permit, we don't have any way of knowing whether or not it is being used without giving the parking control officers a list. For instance, the Pearl Street Parking Lot has 400 valid permits. It would be difficult to give them the list of 400 permit numbers and ask them to audit the lot on a reoccurring basis.

Chairman Ouellette stated I understand. Thank you very much.

Chairman Ouellette addressed item 6 of the agenda:

6. FY 2010 Budget Forecast to be submitted by William Sanders, Finance Officer.

Mr. Sanders stated Mr. Chairman and Committee, I have not submitted to you a forecast for this evening. The Mayor wants to review that forecast with you next Wednesday night, March 24<sup>th</sup>, as part of the budget process that evening. I can tell you the forecast is a good one for this year and I think it will be received positively by the Board when you do hear about it, but I don't have it available this evening.

Chairman Ouellette addressed item 7 of the agenda:

7. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Report (unaudited) for eight months ending February 28, 2010.

Mr. Sanders stated very quickly overall from an expenditure point of view, we are doing very well through the end of February, which is what this report is for. We have an unused balance of about 33%, which is equal to the remainder of the year and is almost 2% better than we were a year ago. Our health insurance costs continue to run above budget and through February we were about \$1.6 million over budget for the first eight months. Our revenue numbers are still tracking fairly well against what we gave the DRA in November, although our auto registrations are in decline. They declined in February as compared to February a year ago. Auto registrations are slightly below where we would want them to be, but overall, revenue estimates are in pretty good shape relative to our forecast. Net, I think the budget of the City is operating very well and as I said, I think next Wednesday night the assessment from the department heads will be positive.

Alderman O'Neil stated I don't know who was responsible for this, but wasn't someone suppose to be getting us a report on some background information on the health insurance and why they were tracking like they were?

Mr. Sanders replied yes, I believe that Mr. DeLacey of WBS and the Human Resources Director, Jane Gile, are putting some things together.

Alderman O'Neil stated it is now the end of March and we still don't have that data.

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

Chairman Ouellette addressed item 8 of the agenda:

8. Communication from Lisa Sorenson, Financial Analyst, submitting a summary of the over 90 days open invoice report, department legend and the detailed open invoice report over 90 days.

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

Alderman Long stated on page 8-9 there is the same name with different customer IDs. Is there a reason why they would have different customer IDs? It is the same date also.

Ms. Lisa Sorenson, Financial Analyst, replied yes, in that module, when you own multiple properties you have to put in a different account number for each property so you can track it. If you look at the description, you will see that one is for 75 Log Street and the other is for 55 Log Street.

Alderman Long stated with respect to some of these companies that are still doing business like the Best Buys of the world and PanAm Railways, is there a reason why PanAm Railways on April 3, 2007, on page 8-13...

Ms. Sorenson interjected they are actually one of the accounts that are in collections.

Alderman Long asked they are in collections?

Ms. Sorenson replied yes. Best Buy is in collections.

Alderman Long asked do they still do business with us? There are some of them that still do business in Manchester.

Ms. Sorenson replied I believe some of these are for fire alarms and when the fire alarms go off, someone has to go out there to take a look at it so it is not like they can't go take a look at it, but they do advise them that they have a receivable out there.

Alderman Long asked when we put them in collections, is there something we can do with the business? Is there any leveraging that we could do instead of putting them in collections? It doesn't seem right that they are still doing business in Manchester and they still owe Manchester money. We licenses, so is there some leveraging that we could use?

Ms. Sorenson replied when I send someone to collections, I do make note on their account in HTE so when anyone goes in and looks up this customer they do see that they owe. They usually will give me a call and ask what the outstanding balance is, including collection fee, and we will sometimes collect at the window. A lot of departments will do that.

Alderman Long stated so Best Buy Company, January 1, 2009...they are in collections. Within the past year, there is nothing that Best Buy needed from the City with respect to inspections, Fire Department inspections, or any business that they had to transact on a yearly basis that they had to do with Manchester? Ms. Sorenson replied you will see this receivable that is still outstanding from 2009, but the same thing happened on January 1, 2010 and that one is paid. I think they collect when they go sometimes as well.

Alderman Long stated but they still owe us from January 1, 2009.

Ms. Sorenson stated yes, they do.

Alderman Roy stated following up on that. These businesses, the next year that they come in are they still pulling a business license in this City and if they are why don't we make them pay up at that time?

City Clerk Matt Normand stated I can answer that, Mr. Chairman. These accounts that have a business license with us have been updated. The module that we currently use...They will be going out for billing within three weeks. For these companies to relicense with us, they will have to have paid their balance.

Alderman Roy stated I like that. Just a note here, when we see these accounts and there is a false alarm, not necessarily the user fee, I would like everyone to know that they don't get billed the first time that the Fire Department goes out there. It is the third time that they go out there for the same problem. They haven't taken care of the problem and then they are being charged and they are not paying for that either. I'm glad to hear that we are going to do that with the licenses.

Alderman O'Neil stated so there is an HTE module that actually works.

Mr. Sanders stated there is. There is actually more than one.

Alderman O'Neil asked and this ties together with anyone who does licensing? I know Fire and City Clerk have licensing and permitting. Is Fire using the same situation as the Clerk's Office?

City Clerk Normand replied no, I don't believe so. I wanted to qualify that I can only update the licensees that we have on this list. As you know, Alderman O'Neil, we don't license all businesses. Unfortunately, there will be some that are on here that won't be touched by the City Clerk's office in this next billing.

On motion of Alderman DeVries, duly seconded by Alderman Roy, it was voted to accept this item.

**TABLED ITEM**

9. 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.*

This item remained on the table.

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

A True Record. Attest.

Clerk of Committee