

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

**June 21, 2010**

**6:00 PM**

Chairman Ouellette called the meeting to order.

The Clerk called the roll.

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

Absent: Alderman Roy

Messrs.: L. Sorenson, W. Sanders, T. Arnold, K. Buckley

Chairman Ouellette stated Alderman Roy did call. Somebody in his family is ill so he is tending to that this evening. Our thoughts are with him this evening.

Chairman Ouellette addressed Item 3 of the agenda:

3. Department travel/conference summary reports submitted as follows:

- Rick Linder (Information Systems)  
X2 Community Conference  
Norwood, MA.  
May 6, 2010 to May 7, 2010
- Kim LeBlanc (Finance)  
NH Government Finance Officers Annual Meeting  
North Conway, NH.  
May 6, 2010 to May 7, 2010
- Kevin M. Buckley (Independent City Auditor)  
NH Government Finance Officers Annual Meeting  
North Conway, NH.  
May 6, 2010 to May 7, 2010
- Hassan Hussni and Carl Braley (Airport)  
Factory Inspection of Vehicle

Oshkosh Truck Corporation, Oshkosh, WI.  
March 8, 2010 to March 12, 2010

- Peter Derocher and Dean Almeida (Airport)  
Basic ASOS Training and Snow Symposium  
Buffalo, NY.  
April 23, 2010 to April 29, 2010
- J. Brian O'Neill (Airport)  
ACI Airport Economics & Finance Conference  
Miami, FL.  
May 3, 2010 to May 5, 2010
- Mark Paul Brewer (Airport)  
Annual AAAE Conference (82<sup>nd</sup>)  
Dallas Fort Worth, TX.  
May 14, 2010 to May 20, 2010

On motion of Alderman Long, duly seconded by Alderman DeVries, it was voted to accept the summary reports.

Chairman Ouellette addressed item 4 of the agenda:

4. 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.

Alderman Long asked on Page 4-11, the Hillcrest Terrace one, on the housing in lieu of taxes?

Ms. Lisa Sorenson, Financial Analyst, replied we actually received payment for that on Friday.

Alderman Long asked this is now paid in full?

Ms. Sorenson answered yes.

Alderman Long asked the health insurance and dental, are these employees that have to pay extra for the dental? I don't understand why. That is on Page 4-11. It says Health School Health Insurance, which are all substantial amounts. I am wondering what that is for. Number 19 says Human Resources. What is that?

Ms. Sorenson answered that is for during the summer months when our health

nurses are on summer vacation. They agreed to pay the City's portion of the health and dental insurance if they don't come back in September and these are two instances where that occurred.

Alderman Long responded one of them is for 2006. What is the likelihood of collecting on these?

Ms. Sorenson replied they are actually both from 2006. One of the accounts here actually has been contacted by MSB. She is in collections and she has been making payments. The other person is actually on the write-off list. I spoke to MSB and the City Solicitor and we feel that this money will not be coming in.

Alderman Long asked are we continuing to do this?

Ms. Sorenson answered as far as I know, yes. I spoke to someone at Health and I guess that is what they do. They have a letter of intent that the nurses will sign that they will reimburse the City. To my knowledge, we haven't had any other issues like this so I think we are okay.

Alderman Long responded so we have continued to do this since 2006 and the other people have paid what they owed?

Ms. Sorenson replied yes. If they have left, they have reimbursed the City their portion.

Alderman DeVries asked would you have a conversation with the HR Department on that? I know in other instances if an insurance policy is not paid for, there wouldn't be coverage. At the very least you would think after a certain amount of time there would be a non-payment of claim that would occur or be rescinded if it had previously been paid.

Ms. Sorenson responded I did not speak to anyone at HR. I spoke to someone at Health because there were two Health Department employees. My understanding is after they tried to contact these people to get the money back. They sent it to HR and then HR went after the account.

Alderman DeVries replied I guess the actual question would be a check to make sure there weren't any claims drawn on that because I would think that even if they had been paid, there might be for non-payment of policy, the ability to rescind any previously paid claims, maybe not for these employees but for anybody else. It would seem that is a policy discussion we should have and maybe you could initiate that on our behalf.

Ms. Sorenson answered yes. I can certainly contact HR on that and get some information.

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

Chairman Ouellette addressed item 5 of the agenda:

5. Communication from Lisa Sorenson, Financial Analyst, submitting 4<sup>th</sup> quarter fiscal year 2010 write off list for the Accounts Receivable module, requesting authorization to write these receivables off.

Alderman Long stated I understand the first one on HR. Statute of limitations expires...that is the first time I am seeing that. There is a statute of limitation on some of these?

Ms. Sorenson responded I believe it is three years. Tom Arnold might be able to answer that.

Mr Thomas Arnold, Deputy City Solicitor, stated it is generally three years, yes.

Ms. Sorenson stated most of these accounts...you know the first one is the HR account we discussed earlier but these are some of the older Traffic invoices. Traffic is now a division of Highway. I know that at our last meeting we had talked about cleaning up some of these older accounts so I did work with Josh at MSB and gave him this list and asked have you been able to contact them and what do you think the chances are of getting this money back. He said that he would agree with writing them off. He didn't feel we would be able to recoup the money.

Alderman Long stated we are going to write off \$5,743 but in reality we don't really know if these people owe this money. Like was explained to us before, if I get a permit in January and in February I move to Chicago, you are logging me in for that permit for seven or eight months.

Ms. Sorenson replied that is for parking. These are for traffic accidents.

Alderman Long asked like if someone knocked down a utility pole?

Ms. Sorenson answered exactly. These are old Traffic Division invoices for light posts and City signs. Most of these are for equipment and labor.

On motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted to approve the write-off list as presented.

Chairman Ouellette addressed item 6 of the agenda:

6. Communication from William Sanders, Finance Officer, submitting the City's Monthly Financial Report (unaudited) for eleven months ended May 31, 2010.

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

Chairman Ouellette addressed item 7 of the agenda:

7. FY 2010 Budget Forecast to be submitted by William Sanders, Finance Officer, if available.

Deputy City Clerk Kathie Gardner stated the report has been handed out.

Mr. William Sanders, Finance Officer, stated you have the forecast that we received from the department heads. This would be their forecasts for the end of the year. We are two weeks into June so we are highly confident that we are going to hit these numbers. Right now the general fund projection is an operating surplus of nearly \$2.9 million. We are getting very close to breaking even on revenue. We have a small shortfall on the revenue side of about \$34,000 and we have an expenditure surplus of \$2.9 million. The \$2.9 million is primarily due to departmental operating surpluses of \$1,855,000. We also had lower than budgeted debt service of \$1.6 million, which we discussed last month by deferring our issuance of debt. We also received a Homeland Security Grant of \$464,000. Those are the major reasons for the surplus. There are two areas where we have negative adjustments. Health insurance, which we are currently projecting will be short by about \$1.1 million in the general fund, and our workers compensation and CGL is short by about \$500,000. If you look at the second page, on the lower right hand corner I just wanted to point out and remind you that the net estimated surplus right now is \$2,870,000. As part of the budget process the Aldermen acknowledged that they wanted to transfer \$1.5 million of that surplus into the Health Insurance Reserve Account. There will be a resolution at tomorrow night's Board of Mayor and Aldermen meeting and hopefully you will give me the authority to make the accounting entry to do that. Once that adjustment is completed, we will have a net surplus of about \$1.3 million. That is just an estimate. The year is not over but we are pretty confident. Once again, I would commend the department heads. With one exception every department has run

either a balanced budget or generated a surplus and for the first time since I have been the Finance Officer our revenues are actually within budget.

Alderman O'Neil stated Bill, you pointed out the one department. We actually knew after we approved the budget early on that there was going to be a shortfall in that small department, correct?

Mr. Sanders responded that is correct and in fact we thought the shortfall was going to be more than that and they have actually achieved some savings.

Alderman O'Neil stated so everyone has done a great job.

Mr. Sanders replied yes, everyone has done a great job.

Alderman DeVries asked Mr. Sanders, the worker's compensation money in this year's budget, did we assume that the number that we were short in FY10 would continue?

Mr. Sanders answered we increased the budget for workers compensation and CGL a fair amount. We would cover this \$500,000 in next year's budget by how we budgeted. The answer to your question is yes.

Alderman DeVries stated I knew we had been working off of the reserves more than individuals were comfortable with. I just couldn't recall the action we had taken.

Alderman Long asked the debt service...I got a copy of the May 17<sup>th</sup> report which was \$1,350,000. Do you know what the \$200,000 plus in the last month is for?

Mr. Sanders replied to be perfectly candid I have been a little bit conservative as I go through the year. I never want to show you a number that we can't deliver. I knew the debt service was coming in at the \$1.6 million. Depending on how our bond offering would have gone last month, we might have had to find some monies but we didn't.

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

Chairman Ouellette addressed item 8 of the agenda:

8. Communication from the Kevin M. Buckley regarding the results of the Peer Review of the Office of the Independent City Auditor.

Mr. Kevin Buckley, Independent City Auditor, stated I recently had a peer review done. It is a requirement of the Government Audited Standards that my office have one done every three years. I had two other auditors come in and look at my work. They looked at my procedures and my policies and procedures manual. The results are on the first page. You have an unqualified opinion on my quality control systems over auditing. Then the next few pages are four management letter comments. The first three have to do with some wording in the report that was missing and the final one is the MTA audit that I have 500 hours of planning into and haven't started testing yet because I have been pulled off of that audit twice and had to start over again. I now have all of the audit plans done and I am ready to go in and start testing and I can go in and get that one done fairly quickly now.

Alderman DeVries stated thank you for the report. It is always reassuring to know that you have passed a peer review. Tell me the process that you followed in order to pick out this particular audit for the peer review. Was that something that you come up with or that they randomly collect?

Mr. Buckley responded I gave them a list of all of the audits that I have done and they picked the audits they wanted to look at.

Alderman DeVries stated within their recommendations there were a couple of very general recommendations and there was a notation that you in each and every audit note the GAS standard that you are citing. Is that correct?

Mr. Buckley responded yes.

Alderman DeVries asked can you tell me was that ever not done in any of your audits?

Mr. Buckley answered in one report and it mentions it, I forgot to put in...because I hadn't had a peer review done in three years I have to put in that I dispose that I am not following that standard and in one of the reports I forgot to put that in the report.

Alderman DeVries asked which one would that have been or what date was it done? How long ago was it?

Mr. Buckley answered it was a recent report from last year. I think it was the Office of Youth Services but I am not sure.

Alderman DeVries stated also there was another general recommendation to you that the amount of time that was spent on this particular audit seemed to be excessive...

Mr. Buckley interjected yes, that was the MTA audit.

Alderman DeVries asked is that something that has been resolved? I didn't realize that one Alderman would drive that amount of your work. I thought it was driven by this Committee.

Mr. Buckley replied what happened was he had asked for the audit and it was very general about what to do and I just got caught up in looking at everything when I should have been more focused in a much narrower scope because the thing just grew out of control and this is what happens in performance audits if you are not careful. I just got lost in it.

Alderman DeVries responded I understand that but I guess my question is more that I thought your workload would be driven by this Committee meaning that we would pick the audit priorities after you had presented the different opportunities and suggestions to us.

Mr. Buckley stated this had gone through the Committee. This audit has been going on for well over a year at this point.

Alderman DeVries replied my quick read of that peer review made it sound like it had come from one individual Alderman outside and that is why I asked the question.

Mr. Buckley responded it did come from one Alderman but it went through the Committee.

Alderman DeVries asked and it was determined by this Committee that it should supplant 25% of your workload correct?

Mr. Buckley answered well, it was approved by the Committee, not having any idea how long it would take.

Alderman DeVries stated we probably should have a better mechanism between us to know what we are asking of you being the sole individual as also noted in the report and expectations that we have for the other audit needs that we have in the City for the internal auditor. We need to somehow be better cognizant of the workload we are asking of you to be sure that our priorities are met. Some of the

other audits on your list are things that we have been waiting for for many years to kind of come up to the top of your list.

Mr. Buckley replied right and I think they made that clear in the recommendations about better communication from me to you about the scope of the audits when I finally develop the scope so that we can have more of a handle on how long these things are taking.

Alderman DeVries responded I think I am hoping that that is more than just a short conversation and that you actually put something in writing to us that can be a jumping off point for how we decide audit priorities.

On motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to accept the Peer Review results.

Chairman Ouellette addressed item 9 of the agenda:

9. Communication from the Independent City Auditor regarding the Engagement Letter from McGladrey and Pullen.

Alderman Long moved to receive and file this item. Alderman O'Neil duly seconded the motion. Alderman Ouellette called for a vote. There being none opposed, the motion carried.

10. Chairman Ouellette advised that ordinances are to be considered for consistency with the rules of the Board and requested that the Clerk make a presentation.

Ordinances for consideration:

“Amending the Zoning Ordinance of the City of Manchester, by replacing the Director of Planning and Community Development with an additional Aldermanic representative as a member of the Millyard Design Review Committee, and increase the membership from eight to nine by adding a members of the architectural or design field.”

“Amending Section 70.54 of the Code of Ordinances of the City of Manchester by establishing a Transit Station Parking Lot.”

“Amending Section 70.54 of the Code of Ordinances of the City of Manchester to Clarify Districts 26 and 27.”

Alderman DeVries asked why this Committee versus Bills on Second Reading, the enrollment of the ordinances in the Committee here versus Bills on Second Reading?

City Clerk Matt Normand responded just to go through the process real quickly, they have been properly noticed to the public and they have received all of their appropriate public hearings. These ordinances have already received their technical review by Bills on Second Reading. This is really the final step. They will go to the Board to be ordained at the next meeting.

Alderman DeVries stated it seems that we have taken some additional steps here. I realize that I wasn't on Accounts, Enrollment & Administration forever but do we sometimes bypass this procedure?

City Clerk Normand responded if the Board suspends the rules, but this is the normal process for these to be enrolled by the Committee.

Alderman DeVries stated I think it was Bills on Second Reading usually that was bypassed and maybe that is why we have the extra step here.

Chairman Ouellette stated in the past this step would be at the full Board. We would recess the meeting so the Committee on Accounts would meet. I think we are just saving time.

City Clerk Normand replied this is actually the normal process. When we do a recess of the Board it becomes fairly hectic for everyone.

Chairman Ouellette stated it is all about the timing.

City Clerk Normand stated to answer your question, these Ordinances have followed the process correctly.

All being in order, on motion of Alderman O'Neil, duly seconded by Alderman Long, it was voted to advise that the Ordinances are properly enrolled.

**TABLED ITEM**

12. 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. Retabled 2/22/10 until the implementation of new software is completed.)*

*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 O'Neil, duly seconded by Alderman Long, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee