COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION

March 19, 2024 at 5:00 PM

Chairman Terrio called the meeting to order.

The Clerk calls the roll.

Present: Aldermen Terrio, E. Sapienza, Vincent, O'Neil, T. Sapienza

Messrs.: K. LeBlanc, P. Chiesa, S. Wickens

1. Update on the City's Revolving Loan Fund.

Kim LeBlanc, Financial Analyst II, stated I don't have anything to report but I would be happy to answer any questions you may have.

Chairman Terrio stated I want to thank Sharon for sitting down with me because I am not a numbers person. I am good at math but not great at accounting so I sat down with Sharon and we went over everything. There were some questions I didn't ask and an answer that I didn't completely understand. When I look at these loans, it kind of bothers me that some of these people really haven't paid anything in quite a while. Do we have any proof that they actually used the money to do the things that they said they were going to do? Do we have any assurances from them? For instance, they told us they were going to open up a business and fix cars and buys tools and all of that? Do we ask for receipts?

Ms. LeBlanc answered all of these businesses are no longer in business. They probably have been dormant for years. There was some due diligence at the very beginning of the loan process and they did have businesses in Manchester but none of them are in business anymore.

Chairman Terrio stated I think 3 Kitchens is still in business.

Ms. LeBlanc replied yes they are. That is a recovery loan and that is being litigated. I know that the attorney just did something this afternoon. They were supposed to have payment in full by the middle of this month and it never got here.

Chairman Terrio responded yes I was amazed that in three years they only paid $3,000. Do you know if that business has changed hands?

Ms. LeBlanc answered I am not quite sure. Maybe Peter knows.

Peter Chiesa, Deputy Solicitor, stated I don't believe it has. They have another business that goes along with it but today we filed the motion for periodic payments which means they will have a hearing and the judge will determine how much they should be paying every week or every month.

*On motion of **Alderman O'Neil**, duly seconded by **Alderman T. Sapienza**, it was voted to accept the report.*

2. Communication from Kim LeBlanc, Financial Analyst II, submitting Finance Department reports as follows:

- Accounts Receivable over 90 days
- Aging Report
- Outstanding Receivables

Ms. LeBlanc stated I did want to mention because at the last meeting Alderman Vincent had asked about the account on page 6 that was also under the solicitor's review on page 11. I did reach out to the Airport. The reason the dollar amount has changed is because they made a payment arrangement but only made one payment so all of those are late fees. They haven't done anything with the Airport and haven't paid their bad debt. They are still trying to litigate that so they are hopeful but that is one of the ones they are continuing to work on.

*On motion of **Alderman O'Neil**, duly seconded by **Alderman T. Sapienza**, it was voted to accept the reports.*

3. Communication from Sharon Wickens, Finance Officer, regarding the City's Monthly Financial Report (unaudited) for the first eight months of fiscal year 2024.

Sharon Wickens, Finance Officer, stated before you is the monthly financial report for the first eight months of FY24. The average unobligated balance percentage after eight months should be 33.33% as a benchmark. All departments are within 10% of the benchmark with the exception of Public Works and Welfare. The overall unobligated percentage after eight months is 31.31% compared to 34.25% a year ago. Health insurance costs for FY24 are tracking over budget through February. I will just make a comment on that. That is from July 1 through February but February was awesome. February came in under the monthly budget. I had been projecting a $1.6 million deficit at the end of the fiscal year. It came in a little over $200,000 less than budget so now I am at $1.4 million. This is a winter month so to see that I was pleasantly surprised. Is it an anomaly? Maybe. Is it a dip that other businesses have seen that the insurance company said we might see a year ago? Of course Manchester always has to be behind the eight-ball here but are we finally seeing it? Fingers crossed to get through March and April and see if that truly is a dip and we may be coming out of some of this. Health care costs in general are rising and we can't do anything about that but if people that are members of the health insurance plan are getting the care that they need timely, maybe we just don't have the huge claims that we have. That is truly what I am hoping for. Again, February took down the deficit projection from $1.6 million to $1.4 million and I am grateful for that at this point. There is also a comparison of the retirement payments through February right in the middle of the page. There is also a blurb about the contingency account at the bottom of the first page. You can see that there is $287,000 left in contingency. Revenues for the first eight months are $2.9 million than a year ago. Interest income is a huge chunk of that. Auto registrations are $300,000 higher than this same period a year ago but the budget is higher for FY24 than it was in FY23. I had a lengthy conversation with the Tax Collector today because I see her lagging and is it auto registrations and she agrees that it is. She tends to take 12 months and divide what she needs to collect by that number. I don't necessarily do it like that. I say the winter months we may not have as many new cars as we would so I put a lot more weight on the spring months. I am going to be projecting tonight that they are lagging by about $350,000. That is my projection for year-end right now. We will keep watching it and maybe we will have a great spring or maybe it will get worse. I am not sure but that is what I am projecting at this time. Offsetting the increase is lower permits of $878,000. Don't let that scare you. They blew away budget by $1 million last year. They are going to make budget this year. Chargebacks are off by $531,000 but as always it is just the timing of the billing. I am not concerned with that. Looking at this, the only other thing I will note is the CGL line, which is general liability. That is through February $200,000 over budget. The CGL line are payments for accidents within the city whether it be city vehicles or other vehicles taking down traffic signals that we billed them for but they didn't pay but we have to pay because we are self-funded. It is overdrawn. It is not going to catch-up or rebound. It is only going to get worse between now and the end of the year. They have a very healthy reserve account of $2 million. Surplus is right now able to cover that $200,000 and maybe it will continue with the hiring freeze. I am not sure but I am not concerned between now and the end of the year. I did want to bring that to your attention. Are there any questions?

Alderman O'Neil stated just to follow-up on the CGL, is there any story behind it. It seems like some of the same intersections get hit all the time up by Webster and Maple where I live. Every other month there is a knockdown there.

Ms. Wickens responded I didn't get that specific to be honest with you. I did talk with Kevin O'Neil, the Risk Manager. I said give me the bullet points of what is hitting this account and the vast majority were city vehicles damaged or city vehicles that were in accidents. I don't know what the reasons were.

Alderman O'Neil asked when you talk to Kevin can you just find out if there is anything…we didn't have a lot of snow so I don't know if there was a lot there but there might be some unsafe intersections in this city. I am making this up but can you check.

Ms. Wickens stated I will ask if there is something we can put our finger on.

Alderman O'Neil asked regarding health insurance, were you able to dig down at all. I know you said the number of people that had significant claims was up and I don't remember that number but is there anything, in talking to Lisa Drabik or the insurance consultant, coming up like they all have heart conditions or they all have cancer?

Ms. Wickens answered the prevalent condition is cancer.

Alderman O'Neil asked is there anything we can do there. Should we be asking employees to have early screenings?

Ms. Wickens stated you are absolutely right. We meet with the insurance consultant on a monthly basis and sometimes I talk to them a little more frequently if I see something where that I want to understand. We did reach out to Anthem and tried to work with them on getting screenings done or doing something else to combat this. There are a lot of ideas that have been bounced around that we might try to use just to get people to get the screening they want because at the end of the day if someone goes and gets a screening early they may still have cancer but it is caught so much earlier and that is great for them and good for the city and good for everybody. We have a lot of cancer and it is not just one department. If you thought it might be Fire, it is not.

Alderman O'Neil asked is it any one type of cancer do you know.

Ms. Wickens responded no it is really all different cancers but the predominant condition is cancer.

Alderman E. Sapienza stated I am looking at the comparison of retirement payments through February for FY23 and FY24. I am looking at Police, Fire, DPW and all other. It is a pretty big jump there for Fire from FY23 to FY24. It is also a pretty big jump for DPW. Police actually went down. Do you happen to know what accounts for that big jump in Fire? I understand we don't have any control over this but do you have a guess?

Ms. Wickens answered the story that I do know is that the 4% COLA was a huge driver for people to retire. If you recall, in the first quarter of this fiscal year, Alderman Levasseur said look at all of the retirements and he was worried. I made a couple of calls and everybody wanted to wait until after July 1 because they wanted that COLA. Now they are lagging but the first quarter was huge and you are going to see that again in the first quarter of FY25 because we have another 4% COLA.

Chairman Terrio stated I am looking at revenues on Page 12 of our packet. It says $2.9 million higher than a year ago and then it says interest income is $1 million higher. Is that in addition to the $2.9 million or is it included in that number?

Ms. Wickens replied $2.9 million and the next sentence makes up what is in that $2.9 million. The majority of it is interest income.

Chairman Terrio asked and auto registrations are $301,000 higher but you just said they were lower.

Ms. Wickens responded they were higher than last year but our budget is higher this year so we are lagging. It can be very confusing because you look at permits and you say they are down $878,000. They blew away the budget last year and we didn't move it this year because we expected it to be down so we will make budget this year.

Chairman Terrio asked so based on this, it looks like we are going to have a surplus but that is not the case correct.

Ms. Wickens answered yes. We should have a surplus this year. We are letting $1 million of the surplus take care of the shortfall in health care and $200,000 is going to CGL right now. I think I still have another $260,000 that is actual surplus. The surplus will take care of a lot of our shortfalls first. That is the prudent thing to do versus hitting the reserve. There is a small surplus there. The departments are returning money now and you can finally see it coming back in. With a hiring freeze, the first quarter isn't going to show you a lot but from April through June that is when you are going to see some more savings and they will release more money as they go along.

*On motion of **Alderman E. Sapienza**, duly seconded by **Alderman Vincent**, it was voted to accept the report.*

*There being no further business, on motion of **Alderman Vincent**, duly seconded by **Alderman T. Sapienza**, it was voted to adjourn.*

A True Record. Attest.

Matthew Normand

Clerk of Committee