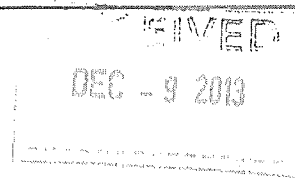


NHRS

New Hampshire Retirement System



December 5, 2013

DAWNA ROOKS
ONE CITY HILL PLAZA
MANCHESTER NH 03101

Dear Ms. Rooks:

I wish to extend my thanks to you for the assistance with the recent audit of the retirement records pertaining to the City of Manchester fire and police accounts with the New Hampshire Retirement System (NHRS).

Based on a review of wages and contributions using payroll data for the period of March 24, 2013 through April 20, 2013 and June 23, 2013 through July 25, 2013, it appears that enrollment and remittance are in compliance with NHRS requirements.

The medical subsidy payment portion of the audit is still currently under review. Upon completion, a follow-up letter will be mailed outlining the results.

The issue of whether or not certain pay types/bonuses that are awarded to members for non-abuse of sick or personal leave is presently under review by legal counsel at this time. Once a determination is made, you will be notified and advised if further action is warranted.

There were non-compliance issues involving the reporting of pay for unused vacation time for fire fighters that were not vested in the New Hampshire Retirement System (NHRS) prior to January 1, 2012 and the inability to review hours worked per week for the city's full-time Police Chief who occupies a salaried position. Please review the enclosed compliance report for further details.

Please contact me at (603) 410-3626 with any questions, comments or concerns.

Sincerely,

Brandon Adams
Employer Compliance Auditor

Enclosure

cc: William Sanders, City of Manchester Finance Director
cc: Jane Gile, City of Manchester Human Resources Director
cc: Denise Call, Employer Services Director
cc: Tamre' McCrea, Employer Auditing Team Lead

EMPLOYER COMPLIANCE AUDIT REPORT

Name of Employer: City of Manchester
Fire & Police Retirement

Employer ID Number: 1199

Address of Employer: One City Hill Plaza
Manchester, NH 03101

Contact Person: Ms. Dawna Rooks
Compensation Manager

Telephone Number: 603-624-6543

E-Mail Address: drooks@manchesternh.gov

Date Submitted: December 3, 2013

Name of Auditor: Brandon Adams

NHRS Employer Services

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, rules, policies adopted by the Board of Trustees, and Federal laws including the Internal Revenue Code and the regulations thereunder. These laws, rules, regulations, and policies provide guidance in performing employer audits and are subject to change. While we strive to provide audit reports that are current, correct, and complete, we understand that a change in these legal authorities or the discovery of new information after the audit report has been issued may require us to amend our audit findings. As the controlling laws, rules, regulations, and policies may have changed, employers should not rely on prior audits but should call the NHRS for current guidance.

EMPLOYER COMPLIANCE AUDIT REPORT

Employer's Name: City of Manchester
Employer's ID Number: 1199
Participation Date: Fire: Mandatory Police: Mandatory
Tax Sheltered: Fire: 1/1/87 Police: 6/1/87
Total Members: Fire: 210 Police: 212
Date(s) of Field Work: October 11, 2013
Months Audited: March 24, 2013 through April 20, 2013
 June 23, 2013 through July 25, 2013

Compensation Manager: Dawna Rooks

Materials Reviewed:

1. Payroll registers reflecting batch #56472 & #62202
2. Employer Audit Questionnaire
3. Staff listing showing hours, positions and dates of hire
4. City of Manchester Comprehensive Annual Financial Report 2012
5. Agreements & Employee Handbook
6. W-2's for 2012
7. Medical Subsidy
8. Other Pertinent Information

Audit Observations:

1. The City of Manchester has been reporting pay for unused vacation time for fire fighters that were not vested in the New Hampshire Retirement System (NHRS) prior to January 1, 2012. With the passage of HB2 on July 1, 2011, these wages are only reportable for members that were vested prior to January 1, 2012. The HB2 ruling on these wages became effective January 1, 2012.

Resolution: The City of Manchester has provided the New Hampshire Retirement System (NHRS) with documentation of all members, including dates and amounts that had these wages reported in error going back to January 1, 2012. A memo was sent to the NHRS accounting department to have all related contributions refunded. Further follow-up is required for quality control purposes.

2. Mr. David Mara (Full-Time Police Chief) occupies a salaried position. The employer confirmed that Mr. Mara's hours worked are not tracked; therefore, a determination could not be made as to whether or not he is working the appropriate number of hours to be enrollment eligible.

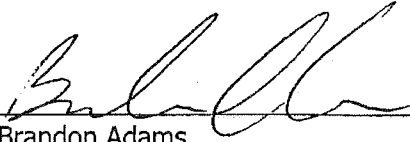
Resolution: An Attestation form was provided to the city to be signed by the member and an authorized signer attesting to the fact that Mr. Mara is in compliance with RSA 100-A:1, VII. The form must be notarized. The Attestation form states that it is the city's responsibility to maintain appropriate documentation verifying hours worked. Time cards would be sufficient proof for New Hampshire Retirement Systems (NHRS) purposes.

Auditor's Conclusions: Based on the materials reviewed, with the exception of the above mentioned observations, it appears that the City of Manchester is in compliance with NHRS requirements for enrollment, deduction and remittance, as of the date of this audit. A sampling of full-time City of Manchester staff was audited for compliance in addition to a sampling of part-time, retired and salaried staff.

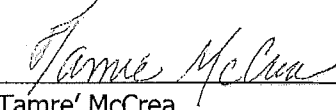
As of the date of this audit report, a review is still in process on the medical subsidy payment portion of the audit. You will be notified of the results at a later date.

The issue of whether or not certain pay types/bonuses that are awarded to members for non-abuse of sick or personal leave is presently under review by legal counsel at this time. Once a determination is made, you will be notified and advised if further action is warranted.

Submitted by:

 12/3/13
Brandon Adams Date
Employer Compliance Auditor

Approved by:

 12/3/13
Tamre' McCrea Date
Employer Auditing Team Lead

Approved by:

 12/5/13
Denise Call Date
Director of Employer Services

Comments: _____
