

**DUNBARTON BOARD OF SELECTMEN
MINUTES OF MEETING
Thursday September 19th, 2013
Town Offices – 6:30pm**

DRAFT, SUBJECT TO REVIEW, CORRECTIONS & APPROVAL

The Dunbarton Board of Selectmen held their regularly scheduled meeting at the above time, date and place with Les Hammond, Chairman, presiding.

The following were present:

**Les Hammond, Chairman
Ted Vallieres, Selectman
Travis James, Selectman
Line Comeau, Town Administrator, also acting as recording secretary**

Members of Boards/Committees and Town Officials:

Jeff Crosby, Road Agent, Town Forest
Fred Mullen, Town Forest
Ron Jarvis, Conservation Commission
Stan Sowle, Conservation Commission
Patrick “Woody” Bowne, Transfer Station Supervisor
Linda Landry, Town Clerk
Mark Antonia, Library Trustee

Members of the Public:

Frank Biron President, CPA and Brian McDermott

Les Hammond, Chairman, called the meeting to order at 6:30pm with a full Board of Selectmen present along with Line Comeau, Town Administrator. Noting Alison Vallieres was not present and that Line Comeau would be recording the minutes of the meeting.

First order of business: Exit Conference with Auditor Melanson Heath

Frank Biron

Would like to walk through the highlights of the Financial Statement then finish up with the Management Letter. The Independent Auditors Report format has changed due to Generally Accepted Auditing Principals that have changed. The Independent Audit opinion is worded differently to include headings to help make it clearer to understand.

Turn to the first page following the index, paragraph one and two, “The Report on the Financial Statements”. The wording that changes the most is those of the Management Responsibilities, which basically says that the Financial Statement is the responsibility of the Management of the Town.

Paragraph three, “The Auditor’s Responsibility”, basically says the auditor is responsible for testing but the testing is all selective testing and not one hundred percent so we look into the areas that are

higher risk areas where we think that there could be errors and/or irregularities. Then we give an opinion. In our opinion we believe these financial statements are in accordance with General Accepted Accounting Principles and are materially stated. So that is our opinion that would be the clean opinion and be the cleanest opinion that you could receive in an audit.

The next section following the Auditor's Report is the Management's Discussion and Analysis which runs page three through nine. This section is intended to be a narrative summary of the results of operation. It tries to put into words what the numbers say on the financial statement pages.

Would like to skip over these pages and move on to the numbers pages. If you turn to page ten, you have the Statement of Net Position. This is presented as an entity wide presentation. This collapses all of the funds which the Town has onto one page. These are the general fund and any of the passbook accounts which gets presented as a full accrual accounting basis similar to what a business follows. This report lists the total Assets, Liabilities and the Net Position of the Town. What you don't see on this report is Bonds Payable, most towns and cities and school districts have Bonds Payable on their books which you don't, so that is very good for the Town.

Turn to page twelve, is the "Balance Sheet" but is presented on a fund accounting basis. This is the way that the Town tracks its books. The first column is the general fund; the second column is the non-major which is a consolidation of all the other smaller accounts, i.e. the recreation, town forest, library, conservation etc.

In the first column the general fund, there is not a lot that has changed. "What I did was compare these numbers to the financial statement from the year before to see trends of things". The cash balance is down \$40,000.00 which is off set by the same amount in the accounts payable liabilities line because the bills got paid quicker so it's understandable.

Keep in mind in the first line, cash on hand, seems like a lot of cash but most of this cash is reserved for the school district. In the middle of the page it's noted "due to school district" which is the amount town's obligation to the school which doesn't leave the town with a lot of extra cash.

Listed under Fund Balances are the capital reserve or committed; the assigned balance or encumbered recreation money plus the Target account and the unassigned which is the fund balance amount.

The unassigned fund balance is what would be considered surplus. The \$282,781 represents the surplus in the general fund. This is based on a Generally Acceptable Accounting Principle. This amount is a little bit different than what the Department of Revenue Administration would look at as the fund balance. What makes the difference is the line noted as "Deferred inflows of Resources", \$185,303. This is the offset of the receivables. What it really represents is what has not been collected in the property tax receivables two months after year end. **GAAP** says you can recognize revenue for things you collect within two months of year end. Anything after that has to sit in a deferred revenue account until it's collected later. The DRA will determine your free cash or surplus and add the \$185,303 to the unassigned fund balance surplus for a larger balance.

The MS-5 report will show the larger number of \$466,000.00 which is technically what you could use as an available funding source. Last year you used around \$85,000.00. This amount could be a reasonable amount to use again because you were able to recover all of the fund balance that you used in 2012. We feel that this is a reasonable balance for a town this size.

The balance of the Town's fund balance has gone up over the last few years. At \$282,000, you go back two years ago it was \$175,000, and a year ago it was \$251,000. The fund balance has been on projection of increase over the last two years.

Page fourteen, is the Statement of Revenues, Expenses or Income Statement. In column one, third number from the bottom is the number \$47,775 which represents the net income for the year. The revenues beat the expenses by \$47,000 dollars. This is very good because you used some of your fund balance as a funding source. If your budget had come in exactly as you thought, you would have had a loss but in this case you wound up with a surplus, so you did better.

On page sixteen is the Statement of Revenues and Other Sources. The numbers in the last column represents what you collected over the budget. In revenues is an excess of \$30,068 over budget. In expenses, \$97,032 represents the appropriations that got closed out for end of year that wasn't spent or encumbered.

Les Hammond

On page fourteen, is this good budgeting?

Frank Biron

Yes, really want to manage the fund balance, you don't want it to fluctuate up and down you want to keep it pretty steady. And you have been able to do that for the last couple of years.

This pretty much covers the numbers from a management statement. The numbers look good. You've had a good year; you have a good fund balance source. You'll be able to use a little bit as a funding source if you want to.

Page 32 of the financial statement is new this year, effective 2015 the town will have to report the pensions of Town employees as a liability. These are actuarially liability.

Management Letter

The Management Letter is a standard letter we issue along with the Financial Statement. When we do our audit we're not just proving balances but are looking at procedural controls that the Town has in place. If we see any areas where we feel there could be improvements then we mention them in the Management Letter.

If there were any serious breakdowns in the internal controls, those would be called material weaknesses or significant deficiencies. Those are audit terms that we would have to specify in this report and there aren't. The issues we have in here, we don't consider these to be major issues. Most of these are follow-up from prior year comments. We found the condition of the accounting record to be in pretty good shape. They have improved quite a bit over the last few years. Most of the issues are not big issues.

Page 2

Prior year comment.

Improve general ledger and reconciliations.

This is now happening.

The only area requiring additional review is the payroll withholding accounts. There are a few that still have a negative balance and should be looked into in order to zero them out. They are minimal and could be from prior years. We would be glad to guide you on clearing these accounts.

Prior year comment.

The checking bank accounts were not tracked in the general ledger account.

This is now happening. This is a big improvement over last year.

Page 3 Departmental Receipts.

Recommending there is a formal policy in place for any and all departments handling money for the town.

This has not been put into place as a formal policy to date.

Comment # 3.

This is a combination of a few smaller items. All of the bank accounts should be summarized on a single sheet and signed off by the Treasurer and Administrator, and provided to you on a monthly basis so you have evidence that all of the bank accounts are being reconciled on a monthly basis.

Line Comeau

This is now being done; we have just finalized January through July for the current year.

Frank Biron

Comment # 3 continued.

Collectors Issue.

It would be a good internal control to have all cash out forms signed by two individuals.

The next comment is the same for the Clerk.

These are recommendations to the town.

Other Issues:

Maintain a check log.

We feel this has been resolved.

Comment # 5

Involve the Library.

First item involves two old outstanding checks. These should be voided. This will involve a little bit of housekeeping on their part.

The second item involves testing of Library disbursements.

Three of the twelve invoices tested were not approved for payment.

Two of twelve did not include adequate documentation.

We also had a few of these invoices on the town side for disbursements i.e. snow plowing and sand on the road from contractors without really good invoicing. This is just not a good control.

One of twelve was approved by the same person.

In our testing on payroll disbursement; lacking were dual signatures of the Board.

These are not big issues; the Town does a very good job in maintaining the books. When we come in to do the audit things are reconciled and good shape. Everyone is very cooperative and helps us through the audit and things run pretty smoothly. Your management should be commended for doing a good job.

The Board thanked Frank Biron for their professionalism and words of advice.

Members of Departments and Committees joining us at 7:15pm

Jeff Crosby, Road Agent, Town Forest
Fred Mullen, Town Forest
Ron Jarvis, Conservation Commission
Stan Sowle, Conservation Commission
Patrick "Woody" Bowne, Transfer Station Supervisor
Linda Landry, Town Clerk
Mark Antonia, Library Trustee

APPROVAL OF PREVIOUS MEETING MINUTES (Thursday, September 5th, 2013)

MOTION:

Travis James made a motion that the Dunbarton Board of Selectmen approve the minutes of the Thursday, September 5th, 2013 Board of Selectmen's meeting as written. Ted Vallieres seconded the motion. The motion passed unanimously.

Les Hammond

Open the Public Hearing under RSA31:95e to talk about a land gift from Anna and Louis Chan.

Ted Vallieres Stated for or the record this meeting is being recorded.

Les Hammond

This subdivision began in 2003. We are here to discuss accepting the land but also to decide who is going to manage the land consisting of 43.57 acres.

The last time we talked about this the Conservation Commission was very interested in managing it. The Town Forest would take it if no other committee wanted it.

There was further discussion with Committee Members present.

Travis James

MOTION:

Travis a made a motion that we accept land gift from Anna & Louis Chan consisting of 43.57 acres per RSA 31:95e. Ted Vallieres seconded it. The motion passed unanimously.

Further discussion for managing the land.

The Board discussed doing a title search on the deed prior to accepting the land.

Travis James

MOTION:

Travis James a made a motion that we waive the title search and accept the land as deeded .Ted Vallieres seconded it. The motion passed unanimously.

Ted Vallieres

MOTION:

Ted Vallieres made a motion that we appoint the Conservation Commission to manage the Chan property of 43.57 acres. Travis seconded. The motion passed unanimously.

The Public Hearing was closed at this time.

Les Hammond

Under RSA 31:95b accept and discuss unanticipated funds.

These funds are from a claim filed with our Property and Liability insurance.

The balance received is in the amount of \$3,900.00 after the deductible. We need to accept this money and put it into an account of anticipated funds to help defray Woody's budget where the money came out of to make the repairs.

Any comments from the Board, would someone like to make a motion?

Ted Vallieres

MOTION:

Ted Vallieres made a motion that the \$3,920.00 be directed to the Transfer Station Budget. Travis James seconded. The motion passed unanimously.

Patrick “Woody” Bowne

I would like to thank the Board for putting this money back into my budget because I definitely need it. I would also like to ask the Board to pay a bill from the towns building funds. Last Thursday night we took a lightning strike at the Transfer Station. It knocked out alarm system, phone line and some electrical. I have paid for some of it out of my budget, if there is money in the building line and the Selectmen don't want to then I will pay for it out of my budget. There's a bill for approximately \$240.00.

Further discussion on the floor.

Travis James

Travis asked if he could absorb a \$240.00 bill.

Patrick “Woody” Bowne

Explained that he is anticipating some expensive repairs on the MAC; it needs to go into the garage to read an electrical malfunction on the computer system. The last time it was in for this type of repair it was around \$2,000.00.

Further discussion on the floor.

Les Hammond

Asked if the expense would come out of government building? Or could it come out of the liability account?

Line Comeau

If directed to charge an expense to the unanticipated funds then this is where I would charge it.

Further discussion on the floor.

Ted Vallieres

Feels the department has a budget, and the budget included unanticipated expenses.

Further discussion on the floor.

The consensus from the Board would be for Woody to pay this bill from his current budget and go before the Board at the end of the year if he is running into issues regarding his budget.

Further discussion from other departments.

Les Hammond

Brought up an email from Wayne Bracy regarding Olde Mill Brook Road.

Jeff Crosby

Jeff explained that he had spoken to Wayne and felt that they had a mutual understanding and would be able to work things out.

Still waiting to hear back from the State regarding the Stark Bridge, no new information to date.

Mark Antonia

Update of the Library events for the month of August. Would like to inform the Board that they have hired a new book keeper; Linda Nickerson.

The Board provided Mark with the Town Audit Management Letter to bring back to the Trustees for discussion.

Further discussion from other departments.

Fred Mullen brought up the number of chairs that were available for the Jim Stone reception. Feels that there are some chairs and tables missing that we will need to consider buying more for the future.

Les Hammond

Would recommend we have a sit down discussion regarding storage at the school to include Owen, Dan, the Selectmen and Fred.

Line Comeau

Received a request from Bridgett McKerley to wrap the town bandstand on behalf of Walking to Make Strides for Breast Cancer. The dates would be October 1st through the date of the walk scheduled for October 20th.

The response from the Board was to allow the ribbon wrapping on the bandstand.

At this point in the meeting, Les Hammond, Chairman, stated the Board of Selectmen would be going into a Non-Public Executive Session and would not be conducting any additional business when the Non-Public Session was over.

There being no further business, the following motion was made:

MOTION:

At 8:05pm, Travis James made a motion that the Dunbarton Board of Selectmen go into a Non-Public Executive Session in conjunction with RSA 91-A:3 to discuss a Personnel Issue. Ted Vallieres seconded the motion. The motion passed unanimously with the following roll call vote:

Hammond - Yes

Vallieres - Yes

James - Yes

The meeting reconvened after the Non-Public Executive Session at 8:30 p.m.

No decisions or motions were made at the Non-Public Executive Session.

MOTION:

There being no further business, the following motion was made to adjourn the regularly scheduled meeting at 8:31pm. The motion passed unanimously

Respectfully submitted,

Line Comeau, Recording Secretary

Les Hammond, Chairman

Ted Vallieres, Selectman

Travis James, Selectman