

**DRAFT, SUBJECT TO REVIEW, CORRECTION AND APPROVAL**

**DUNBARTON BOARD OF SELECTMEN  
MINUTES OF MEETING  
THURSDAY, AUGUST 20, 2015  
TOWN OFFICES – 7:00 P.M.**

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

The following were present:

Brian Pike, Chairman  
Ted Vallieres, Selectman  
Tom Groleau, Selectman  
Line Comeau, Town Administrator  
Alison Vallieres, Recording Secretary

**Members of Boards/Committees and Town Officials:**

Linda Landry, Town Clerk  
Judy VanKalken, Tax Collector

**Members of the Public:**

Patrick Mohan, CPA, Melanson Heath Audit Exit Conference  
Brian McDermott, CPA, " " " "

Brian Pike, Chairman, called the meeting to order at 7:15 p.m. with a full Board present along with Line Comeau, Town Administrator, and Recording Secretary Alison Vallieres. In view of the fact that the meeting was running late, he immediately went to the Audit Exit Conference.

**MELANSON HEATH AUDIT EXIT CONFERENCE:**

Patrick Mohan, CPA, stated he was manager of the audit and was here to explain it in view of the fact that Frank had a conflict this evening and could not attend.

**FINANCIAL STATEMENTS:**

First noted the following:

**Opinions**

*"In our opinion, the financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Dunbarton, New Hampshire as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America."*

Patrick Mohan first explained the Annual Financial Statements as follows:

Pages 3 - 9 - Management's Discussion and Analysis - These are a narrative overview and analysis of the financial activities of the Town of Dunbarton for the year ended December 31, 2014.

Page 10 - Statement of Net Position of the Town of Dunbarton - Shows long term assets and long term liabilities. Noted compensation due full-time employees in the event of retirement, etc. is a long term liability in the statement. This does not have an impact on the tax rate.

Page 12 - Balance Sheet - This is a modified accrual. Cash in cash out. It is modified because of property tax collection. The highest liability is Due to school district in the amount of \$3,312,983.

Tax refunds payable in the amount of 19,183 is set aside and is a liability.

DRA recommends setting aside between 5% - 10% as a reserve. Dunbarton has 4.99% set aside.

Noted the Town did a very good job. Revenue exceeded expenditures. Came out to a positive number. Ended up with a net income of \$88,253.

Page 16 - Statement of Revenues and other Sources - Budget and Actual - Town did a good job of budgeting. There was an excess of revenues and other sources over expenditures of 273,761.

Page 17 - Fiduciary Funds - These are funds held by the Trustees. Amount is \$257,123.

At this point in the presentation, Ted Vallieres, Selectman, asked how DRA determines that 5% - 10% is what should be held in reserve. He noted that we have FEMA to cover emergencies, and insurance which covers fire to buildings, etc. In addition, we have no debt.

Patrick noted that they estimate that towns should have up to two months of operating expenses held in reserve in the event of a disaster, etc. Stated that not having debt is a good thing.

#### MANAGEMENT LETTER

Noted the following:

*"Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. "*

#### PRIOR YEAR RECOMMENDATIONS:

##### 1. Improve Reconciliations of Withholding Accounts

###### Prior Year Issue:

In the prior year, we recommended the town complete the reconciliation of withholding accounts and research the recurring debit liability balances.

###### Current Year Status:

This issue is unresolved.

###### Further Action Needed:

We again recommend the Town complete the reconciliation of withholding accounts.

It was noted that these are not huge amounts. These balances should be closed out at some point. Once it is determined what the accounts are, will work on this.

##### 2. Implement Documented Oversight

In the prior year, we recommended that the Town Clerk daily cash receipts report be signed

by the preparer and a reviewer. This increased oversight reduces the risk that errors or irregularities could occur and remain undetected.

**Current Year Status:**

This issue is unresolved.

**Further Action Needed:**

We again recommend the form be signed by the preparer and a reviewer.

It was noted the reason for this is to have two sets of eyes. Town Clerk stated she has a report which she sends to the Treasurer on a monthly basis.

**3. Process All Disbursements on Town Manifest**

In our prior year testing of journal entries, we noted that expenditures associated with the following accounts bypassed the Town's normal vendor manifest process. As a result, these funds were not subject to the same internal accounting controls that are in place for all other disbursements.

- Cobbler restoration
- Recreation
- Town Common
- Conservation
- Fire Department equipment
- Historical Awareness Committee
- DARE Account

**Current Year Status:**

This issue is unresolved.

**Further Action Needed:**

We again recommend the Town treat the aforementioned accounts in the same manner as all other Town funds and include them in the normal vendor manifest procedures. This will improve oversight and control over the cash disbursement process.

Considerable discussion regarding the above accounts. Noted some were from donations. In addition, the Cobbler Shop is now under ownership of the Dunbarton Historical Society and not the Town. BMSI would have to set the accounts up within the accounting system.

**4. Other Prior Year Issues**

The following weaknesses were noted as a result of our evaluation of controls during our prior year audit.

**Library Issues:**

- In the prior year, we noted the following issues:
  - 2 of 12 invoices tested were not documented as approved for payment
  - 3 of 12 disbursements tested did not include adequate documentation
  - 1 of 12 was approved by same individual that received reimbursement

**Current Year Status:**

During current year testing of 12 invoices, no issues were noted. We consider this issue resolved.

**Collector Issues:**

- In the prior year we recommended the daily cash-out form be signed by the preparer and a reviewer.

**Current Year Status:**

This issue is unresolved.

Noted this is the same situation as with the Town Clerk receipts.

**Other Issues:**

- In the prior year we recommended the Town monitor actual abatements issued compared to overlay balance is adequate.

**Current Year Status:**

This issue is resolved.

**CURRENT YEAR RECOMMENDATIONS:**

**5. Improve Year-End Cut-Off Procedures**

In our testing of expenditures, we identified an instance in which a bill for services rendered in fiscal year 2014 was paid and charged to fiscal year 2015. Generally accepted accounting principles require that the costs of goods received and services rendered be expenses in the year in which they occur. Lack of adequate cut-off procedures results in understated expenditures, overstated year-end surplus, and incomplete budget versus actual monitoring.

We recommend the Town take steps to ensure proper year-end cutoff of expenditures. Among these steps would be extending the period after year end for closing the general ledger and issuing a written reminder to department heads to submit all invoices prior to the end of the fiscal year,

*The Town will strive to get all invoices for the prior year no later than the end of January.*

**6. Review and Address the Business Operations Assessment**

During fiscal year 2014, Property-Liability Trust, Inc. contracted Municipal Resources Inc. to conduct review of the business operations of the Town as a result of the Town's participation in the Trust. The review was designed to assist the Town to identify the strengths and weaknesses of business operation and provide an assessment of the internal control framework. The report included six findings summarized as follows:

=Establish and adopt an investment policy. *It was noted that the Board of Selectmen have established and adopted an investment policy.*

- Review and improve upon the building layout of offices in regards to physical safety and security while performing essential governmental functions.
- Improve financial management and internal controls policies.
- Improve general ledger and treasurer cash book reconciliations.
- Review human resource functions.
- Improve business operations at the transfer station.

We recommend the Town review and address the recommendations of the Municipal Resources Inc. business operations assessment.

**7. Improve Controls over Journal Entries**

During the audit, we became aware that journal entries were not always formally and consistently approved by someone other than the individual initiating and posting the entries. This is an important monitoring control since unapproved journal entries can be used to circumvent existing accounting controls.

We recommend that all journal entries be approved, and that the approval be clearly documented by someone other than the individual proposing and posting the entries. The adherence to this procedure will reduce the likelihood of irregularities occurring.

*The Town is already implementing two signatures on journal entries.*

**APPROVAL OF PREVIOUS MEETING MINUTES - Thursday, August 6, 2015**

**MOTION:**

*Ted Vallieres made a motion that the Dunbarton Board of Selectmen accept the minutes as written of the Thursday, August 6, 2015 Board of Selectmen meeting. Tom Groleau seconded the motion. The motion passed unanimously.*

**SELECTMEN'S MAIL BOX:**

1. True North is requesting the Board of Selectmen to sign the True North Networks, Standard Terms and Conditions for the contract for IT services.

*After discussion, the Board of Selectmen signed the document.*

2. Line Comeau, Town Administrator, presented a updated Time Sheet for all employees. She reported that she had gone over this with all Department Heads and they were in agreement.

**MOTION:**

*Brian Pike made a motion that the Dunbarton Board of Selectmen accept the proposed Time Sheet as presented this evening. Tom Groleau seconded the motion. The motion passed unanimously.*

3. Line Comeau, Town Administrator, reported that Vision has completed the Reval and letters have been sent to residents. Residents are all calling the Town Office regarding questions because they want to know if their assessment has gone up or down. The letter does not give a lot of information. In addition, the comps which were used are questionable. The Town's assessed value has decreased by over \$8 million.

4. Received a communication from the Town of Auburn that the cost of their Master Plan was \$20,000.

5. Received a communication from Dan Sklut, Police Chief, regarding reimbursement to Chris Remillard for a college class in the amount of \$525. It was noted there is no money left in that particular budget line but there are monies in other budget lines.

*The Board of Selectmen reached a consensus that Chris Remillard would be reimbursed for one half the cost of the class he will be taking in the amount of \$525.*

6. Received a communication from Owen Harrington, Dunbarton Elementary School, regarding

salt for the walks at the school and who is responsible for supplying it.

*It was noted that the Town is responsible for supplying the salt for the walks at the school. Will contact Jeff Crosby regarding this.*

7. Received communication re Milfoil at Gorham Pond noting there is no milfoil infestation at this point.

8. Received communication from Deb Foster regarding funding issue noted by Dover, etc. At this point, the School Board is not interested in pursuing this matter. Brian Pike noted he would be attending.

9. It was noted there was a meeting with the State Representatives, Bow SAU and the Bow School Board recently to discuss issues with the school funding. Dunbarton was not included.

10. Granite State Minerals has the contract for salt through the State @ \$52.47/ton. Noted that Dunbarton uses about 1,000 tons.

11. Contract with Bow regarding Intercept for Ambulance @ \$549/call. It was noted this is a multi-year contract.

At this point in the meeting, Brian Pike, Chairman, noted that all multi-year contracts should go on the Warrant as a Warrant Article according to the recent class he attended. It was noted that Intercepts have always been included as a budget line item.

**MOTION:**

*Brian Pike made a motion to accept the contract with Advanced Life Support Intercept Agreement with the Town of Bow @ a cost of \$549/per intercept. Tom Groleau seconded the motion. The motion passed unanimously.*

12. Line Comeau, Town Administrator, presented Version #6 of the RFP for the Town Hall Roof. The following changes were noted:

**Page 4 under CONTRACT TERM: First sentence should read as follows:**

"The term of the contract to be determined by the Board of The Selectmen and the successful bidder."

**Page 6 under PART 1 - DESCRIPTION OF WORK: Item 2 should read as follows:**

"Flashing is to be replaced at chimney, ridges, plumbing vents, step-flashings, and top flashings. All flashing must be commercial grade."

**Page 7 under PART 3 - MATERIALS" Add item 4 to read as follows:**

"4. Warranty on all workmanship"

**Page 7 under PART 4 under thickness should read as follows:**

"Minimum thickness: 1/4"

**Page 8 under PART 5 - PAYMENT A. should read as follows:**

"An advance payment in the amount of cost of the material will be provided to the contractor when the material is delivered on site. A progress payment of 50% will

be provided to the contractor at 50% completion. The balance of 50% will be paid upon full and satisfactory completion of the work. "

Page 9 sentence under Authorized Signature (Contractor) should read as follows:

"Note: This proposal may be withdrawn by the *bidder* if not accepted within thirty (30) days."

13. Line Comeau noted that the Board of Selectmen can review the revenues at the next meeting.

Exaction Fees:

At this point in the meeting, Brian Pike, Chairman, stated that the Board of Selectmen should come up with a policy regarding Exaction Fees. These are monies relating to increased traffic so capital improvements on a road are required. Ted Vallieres stated he felt this would fall under the Planning Board purview.

There being no further business, Brian Pike, Chairman, stated he would request the Board of Selectmen go into a Non-Public Session under RSA 91-A:3, II (d).

*MOTION:*

*Brian Pike made a motion that the Dunbarton Board of Selectmen go into a Non-Public Session in accordance with RSA 91-A: 3, II (d) at 10:30 pm. Tom Groleau seconded the motion. The motion passed unanimously with the following roll call vote:*

*There were no decisions or motions made at the Non-Public Session.*

The regular meeting reconvened at 10:40 p.m.

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

*MOTION:*

*Brian Pike made a motion that the Dunbarton Board of Selectmen adjourn the regular meeting at 10:41 p.m. Tom Groleau seconded the motion. The motion passed unanimously.*

Respectfully submitted,

Alison R. Vallieres  
Recording Secretary

\_\_\_\_\_  
Brian Pike, Chairman

\_\_\_\_\_  
Ted Vallieres, Selectman

\_\_\_\_\_  
Tom Groleau, Selectman