

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

**DUNBARTON BOARD OF SELECTMEN**

**Meeting Minutes of  
Thursday September 18<sup>th</sup>, 2014  
Town Offices – 7:00PM**

The Dunbarton Board of Selectmen held the regularly scheduled meeting of the Dunbarton Board of Selectmen at the above time, date and place. A partial Board present with Travis James, pro-temp presiding.

The following were present:

Travis James, Selectman  
Brian Pike, Selectman  
Line Comeau, Town Administrator also acting as minute taker.

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

Patrick “Woody” Bowne, Transfer Station Supervisor  
Gary Attala, 250<sup>th</sup> Committee

**Members of the public:**

Sharon Cohen, University of New Hampshire, Cooperative Extension  
Frank Biron, president of Melanson Heath, Accounts Auditors  
John Stevens, Transitions Group  
Kristine Hanson, Transitions Group  
Ken Koerber, Transitions Group  
Mark Hanson, Transitions Group  
Leo Martel

Travis James, Chairman pro-temp called the meeting to order at 7:00pm with Selectman Brian Pike present along with Line Comeau, Town Administrator.

**OLD BUSINESS:**

**Approve the minutes of Meeting – September 4<sup>th</sup>, 2014**

**MOTION:**

*Travis James made a motion that the Dunbarton Board of Selectmen accept the September 4<sup>th</sup> meeting minutes as written.*

*Brian Pike seconded the motion.*

*The motion passed unanimously.*

**Approve the minutes of the previous meeting – September 11<sup>th</sup>, 2014.**

**MOTION:**

*Brian Pike made a motion that the Dunbarton Board of Selectmen accept the meeting minutes of September 11<sup>th</sup>, 2014 as written.*

*Travis James seconded the motion.*

*The motion passed unanimously.*

**NEW BUSINESS:**

**Presentation from Sharon Cohen from the UNH Cooperative Extension Community Development Program Team.**

Sharon stated that Ken Koerber asked her come before the Board to discuss the possibility of developing a community profile for the Town of Dunbarton. Presented a few examples from other towns. Explained that it's a process where communities figure out where they're at now and where they would like to go in the future involving community engagement.

We come in as a consultant, develop a steering committee in a town with the entire process taking approximately six months to a year. The event is coordinated through us and overseen by a steering committee comprised of residents from town.

The steering committee brings together community residents. The profile itself is usually held on a Friday night and all day Saturday. Starts off with a dinner to bring the community together to get input from community members. The input might be used to update the Master Plan or to address specific issues. The steering committee is formed by town residents, we are there to help guide the process and answer questions but the town itself determines what the profile will look like. We stay involved as a consultant, to be there to help with answering the questions and guide them.

Brian Pike mentioned that the Cooperative was used to facilitate the process going forward.

Sharon stated their current project is with the Town of Hooksett. Their profile will be held on the first weekend in October, we have been working with them since May.

Brian Pike asked if it was possible to get a few contacts from Hooksett to touch base with them to get some feedback.

Sharon presented the Board with a memorandum of understanding which will have a fee associated with doing the project.

Brian Pike asked what the time frame would be for facilitating the profile.

Sharon stated that if we start now then we would shoot for a community profile sometime in May.

Brian Pike commented that he thought this is a great idea but his biggest fear is that we only get ten people to show up.

Sharon stated that if the steering committee does their job, which I believe that they would, you as a town are committed and there are many ways of communicating to the community through social media.

Line Comeau asked how the fee was calculated.

Ken Koerber stated that he thought the fee was calculated based on population.

Brian Pike asked Sharon if she could get a confirmed fee associated with the project.

Sharon stated she should be able to get that information for the Board by the next day. Stated that if the Board had any further questions they could contact her anytime.

Brian Pike asked the question regarding the steering committee signing the agreement prior to appointing this committee.

Sharon stated the MOU is usually signed at the first meeting when the steering committee is formed.

Brian Pike asked if the steering committee was appointed by the town.

Sharon stated that the steering committee is not an actual committee appointed by the town they are comprised of people who are willing to serve the community.

Brain Pike stated as long as the committee is an add hawk committee with no handling of town funds then we should be all set.

The Board thanked Sharon and Ken for their presentation.

**Frank Biron, from Melanson Heath, audit exit conference.**

Frank Biron introduced himself to the Board.

Frank stated he would walk through the documents presented to the Board beginning with the Financial Statement.

Asked the Board to turn to the first page after the table of contents. This is the Independent Auditors Report. This is what we were hired to do, to give an opinion on the rest of these financial statements, whether or not they are in accordance with the **G**enerally **A**ccepted **A**ccounting **P**inciples and in our opinion they are. That is a clean opinion, that the best opinion that you can get from an outside audit.

There are a lot of words here, there are paragraphs that say that the town has certain responsibilities over these financial statements and it also specifies what the auditor's responsibilities are.

The next section begins on page three which is called the Management's Discussion and Analysis. This is a narrative summary of the results of operation. This section attempts to put into word what the numbers say on the following pages.

If the Board will turn to the first of the numbers pages which is page ten. There isn't a lot to say about this but to explain what this page is all about. **G**enerally **A**ccepted **A**ccounting **P**inciples say that besides recording your account by Fund, it says that you have to consolidate everything onto one column. That's what this page is all about. Page ten is a consolidation of all of the funds that the town has and gets presented on what is called the accrual basis of accounting which is the same basis of account that a business would follow. What make it different from your fund account basis is long term assets and long term liabilities get reported here.

Example of the long term assets is on the middle of the page, above the total assets. You will see capital assets, land and construction in progress, other assets, net of accumulation depreciation. Those are your fixed assets that are being capitalized and depreciated over their useful lives.

Similarly two thirds down on this page is Noncurrent, other liabilities. You don't have a lot there, the amount is \$30,581, that's employee compensated absences. That's really the only long term liability that you have. You have no bonds payable which is unusual for most towns. That is something that is very favorable.

Brain Pike asked a question regarding noncurrent, other liabilities; would it be prudent for the town to establish a fund to cover that liability. That way if anyone left for any reason than that liability would be covered and not draw us down in the budget.

Frank Biron stated that some towns have started the Capital Reserve Fund and it would be a prudent thing for the town to do.

One other thing that I would like to point out under other long term liabilities which is not listed here but is going to be in two years. There is a new accounting standard called Government Accounting Standards Board statement 68 (GASB 68) that deals with pension plans. What's going to be required in two years (Dec 31, 2015), financial statement is your share of the State Retirement System unfunded liability is going to have to be reported on this page.

If the Board can turn to page twelve, page twelve is the balance sheet on the fund accounting basis. This is the way that the town maintains its books, by fund. This is really just presenting two columns and then the total. The first column is the general fund which is the operating budget. Then the non-major funds which include all of the smaller funds i.e. the recreation fund, town forest, conservation, library and trust funds, all of those are included in the second column.

The numbers in the first column are very consistent with the prior year, the cash balance which is the very first number at the top of column one, \$2,855,245, that is down a little bit from prior year but its related to the Liability half way down which is the number \$2,589,581 (Due to the School). The town is on a calendar and the school is on a fiscal year. These are taxes that the town has collected for the most part through December that the town will be paying to the school January through June. Of that top number \$2.8 million dollars, roughly 2.6 million of that you owe to the school. Both of those numbers are down approximately \$200,000 dollars which means you've accelerated your payments this year as compared to the year before as of year-end.

Down on the bottom of the page under the Fund Balances; there are three categories in your General Fund. Committed which is, \$186,071; that's actually your Capital Reserve Funds. Generally Accepted Accounting Pinciples say for the past two to three years that the Capital Reserve Funds have to be reported in your general fund but get tracked separately so they are not part of your unassigned or undesignated fund balances.

Then below that you have the Assigned Fund Balance, \$16,988; those are encumbrances. That's money that is part of the 2013 budget that is being carried forward to be spent in 2014.

Then what we are left with is the Unassigned Fund Balance, \$337,873; that is actually up about \$55,000 dollars from the year before. The Department of Revenue, when they look at your surplus and the amount of your fund balance that they consider being available to use as a funding, they would start with that number then if you go up three if you go up to Deferred Inflows of Resources, \$168,137; they would add

that to the unassigned fund balance. What that represents is an offset to your receivables. The DRA considers property taxes to be revenue basically when the bills go out the door regardless of whether or you collect them or not. What the \$168 under GAAP is a little bit different; it's not revenue until you collect it that is why it is listed as deferred.

If you were to take the unassigned \$337,873 and add the \$168,137 you would have around \$500,000 dollars. You divide that by the overall budget which includes the school district and county assessment of about \$8 million dollars comes up to a ratio for a fund balance of about 6.4% of your gross budget. This would be considered a good balance.

Travis James asked what state recommends around 4.5 to 5%.

Frank Biron stated that anywhere in that range, what is suggested 5-10% is a strong fund balance and you are in that range.

You've been pretty consistent with your fund balance. Over the last four years it has ranged from 4.6 to 6.4% and it has been increasing slightly each year. What they don't want to see is large fluctuation in this number.

Travis James stated that when we set the tax rate we applied approximately \$46,000 dollars from surplus to lower the tax rate. We don't have any debt, we own everything so we couldn't see justifying one half million dollars in the bank earning little to no interest.

Frank Biron stated that what we don't like to see is major fluctuations in this number and I don't see that happening. Other communities would say that they want to use \$300,000 dollars of that surplus to reduce the tax rate and a number like that would be a concern for us.

You will see when you get to the budget page that what you used you were able to rebuild so you are even better than where you started.

The next page which is page 14 is referred to the Statement of Revenues, Expenditures and Changes in Fund Balances also known as the income statement.

If you look at the first column again, the general fund, looking at the third from the bottom, (Excess (deficiency) of revenues and other sources over expenditures and other uses) \$105,673. If you were a business, that would be a net income for the year. Your revenues beat your expenses by \$105 thousand so it was a good year.

Now if you turn to page 16, this is the Budget versus the Actual. The first two columns are the same numbers, the original budget and the final budget. It is required to be presented this way, original budget represents what you started the budget with and the final budget is what you ended the year with. Then we have the actual amount and the variances. In the variances column to the right, if the numbers are in parenthesis it's a negative if it's not then it's a positive. Just looking at the middle of that column, which is the total of revenues, \$47,202 that means you beat the revenues. The revenues came in better than estimated by \$47,202 and this is a positive thing.

The biggest of that is \$25,244 which represents increase in auto permit. At the bottom of the page second up from the bottom, \$104,546 are the turn backs of the budget. Those were the monies that were appropriated and not spent or carried forward as encumbrances at the end of the year that got closed out, again this is very positive. The biggest of this number was from the Highways & Streets which was \$62,207 was paving included in that category.

Brian Pike stated it was reserve for the bridge.

Frank Biron also wanted to point out, on the middle of the page above total revenues; you will see use of fund balance. That's the number of fund balance you use in 2013, \$119,880. You used that as a funding source probably to reduce the tax rate. You started out in the whole \$119 thousand but did well on the revenue side by \$47 thousand and you did well on the appropriation by \$104 thousand so you were able to recoup \$151 of the \$119 that you used so you did very well, that is why your fund balance went up from year to year. This pretty much summarizes the financial statement. For the most part you have steady fund balance which is improving; the tax receivables are very consistent from year to year. The town is doing good job in collecting and leaning.

The other report we have is the Management Letter. When we do our audit we are not only proving balances but we also look at procedures, controls that are in place, efficiencies, things that are not operating as well then we put these comments in the Management Letter. If there were serious issues we would call them material weaknesses or significant deficiencies, those are audit terminologies which have real meaning. The issues we have in this management letter are not considered material weaknesses or significant deficiencies, in fact, there not really big issues, they are smaller issues.

In years past we had much bigger issues in the management letter and the town has done a very good job in implementing those recommendations. Now what we are seeing is the condition of the towns accounting records are much better. A few years ago there it was only the general fund that was record in the general ledger, now all of the funds are being tracked in the ledger. The accounts are being reconciled and things are in much better shape than they were in the past.

Of the issues that we have, the comments begin on page 3.

- The first issue is titled Improve General Ledger and Reconciliations.

The bank reconciliation is a little bit clearer for old voiding old outstanding checks.

This is a prior year issue, which was done in 2013, so the issue has been resolved.

- The other part that we recommended a year ago is the withholding be reconciled.

That part has not been done yet.

The balances that are sitting in the withholding accounts are not bad. The amount in these accounts range \$1,000 to \$1,500. These are not really large balances, but some of them have debit balance when they're not supposed to, normally they would be a credit balance.

The recommendation is that the town looks into those and just do some house cleaning to make some adjustments if necessary.

The second issue deals with the Clerk's office.

- We would like to see the cash out signed off by two people

It's not uncommon when you only have one clerk. If it's at all feasible, do whatever you can do to get a second set of eyes to look at it.

Brain Pike stated that he understood this comment to be a procedural issue that we have to work out amongst ourselves.

Frank Biron stated that most of recommendations that we have in here are related to be getting a second set of eyes may be enough to keep an honest person honest.

When it comes to number three, these are a lot smaller issues.

One of the issues applies to the Library. We do a disbursement test, of the Library. The findings that we had were very similar to the prior year's findings. There is not a lot of money being spent at the Library, the majority is payroll. So we are talking vendor disbursement. What we found was that documentation wasn't always great. In some situations there were disbursements being made to people that weren't necessarily a business so there wasn't an invoice coming in. So basically the Library was document it by creating an invoice on Library letter head explain what the purpose was which is better than nothing but would rather see the invoice come from the person receiving the payment.

The next issue is with the Collector which is the same as the Clerk; we recommend a second set of eyes, second signature for daily cash-outs.

Brain Pike stated that this will have to be something that we sit down with the individual people to see if there is something that will work for everyone.

Frank Biron recommended we track the abatements against the overlay account. The overlay account is supposed to be an allowance deductible account which should have a running balance. The amount that is set based on what is set at tax rate versus and compares it to the actual abatements.

The last item in the report is a new issue. As I mentioned earlier, all of the smaller funds used to not be tracked in the general ledger but they are now. But the recording of them in the general ledger are journal entries. What are we suggesting here is that disbursement go through the normal manifest process. Again the whole purpose of this is to have a second set of eye looking at which would be the Board, so that you know about every disbursement that is being made every account.

This summarizes the Management Letter; the Town is doing a very good job.

Line Comeau asked Frank to explain the MS-5 for the Board.

Frank Biron stated that the numbers on the MS-5 are identical to what we just when through. The only difference is what the DRA considers revenue for uncollected taxes; this number is added as if it was revenue.

This form summarizes the general fund revenues, the general fund expenditures and provides a balance sheet similar to what we when through. The DRA uses this for your tax rate setting to make sure if you use some of your fund balance that they go to this to make sure you don't use more than what you actually have.

Line Comeau stated the ending year would be \$513 thousand on page six.

Frank Biron stated yes and it is comparable to the year before.

Travis James asked if his opinion is this a normal fund balance.

Frank Biron stated that town does need to have fund balance for cash flow problems.

The Board signed the final MS-5 form.

Brian Pike asked Frank Biron if it would be advantageous for the town to change to the budget to a fiscal year to keep it consistent with everything else to avoid the January through March issue.

Frank Biron stated that most small towns don't normally this. Most of the towns in NH your size are 12/31; the larger communities tend to shift to the 6/30. Not sure how much of an advantage that would be.

Brian Pike stated that he had attended a workshop through the NHMA. In that class they stated that the Selectmen can decide what the financial system can be throughout the town. We currently use BMSI and the Treasurer uses QuickBooks. What is the generally accepted?

Frank Biron stated that most small towns use the two that you mentioned.

Bmsi is an older system which hasn't be upgraded with a lot of the more expensive systems out there, but there aren't a lot more modern systems that are affordable.

Brian Pike asked if there was more of a disadvantaged over the other.

Frank Biron stated that BMSI was written originally for Municipalities where QuickBooks is for a business. It's much more difficult to track multiple funds through QuickBooks where BMSI is designed to do that.

Frank Biron also brought up a new contract for the Board to review as the 2013 is the last year of our contract.

The Board thanked Frank for all of the information.

Brian Pike asked that we look at our procurement policy prior to signing a new contract and or possibly putting out to bid. It is something we should think about and look at a new RFP or RFQ.

Line Comeau brought up for discussion:

The Fireworks for 2014 Old Home Day was cancelled because of weather. The Check has been returned to the town. For this old home day the deposit fee was waived which is typical with the contract. When contacting Pyrotecnico, they said to reschedule the fireworks display they could only extend it the normal six months which brings us to March as noted in the contract. But if we wanted to further were willing to extend it to September for the 2015 Old Home day but it would require the deposit with the remainder due the day of the display. This would be considered a contract which will allow us to encumber the remaining funds.

### **MOTION**

***Brian Pike made the motion that we rewrite the contract for a longer extension; pay the deposit that is required per contract and encumber the remaining fund to be used toward the 250<sup>th</sup> celebration for 2015.***

***Travis James seconded the motion.***

*The motion passed unanimously.*

Travis James stated for the record that in 2015 we would not be referring to it as a Hold Home Day but as the 250<sup>th</sup> Celebration.

Brian Pike asked if it was possible to merge the two committees.

Line Comeau stated that she had been supportive with the OHD Committee and have been very receptive to joining us for a bigger celebration.

Gary Attalla stated that the 250<sup>th</sup> has been working on ideas and things to do in the town but it would be really good to have them incorporate them. The more involved we can both get.

Line Comeau brought up that there were quotes in the mail basket for the repair of the Town Hall Library. I don't think we need to make a decision tonight but these numbers will be helpful should we need to write a warrant article.

Brian Pike stated that he would like to formally thank the Old Home Day Committee for all of their help.

Travis James asked that the town administrator draft up a letter.

Travis James also wanted to announce that our legal counsel has informed us that the supreme courts have dismissed the Giovignali case.

On the other hand was served a summons for a civil action: NE Hydro vs the Town regarding their abatement.

Brian Pike brought up for discussion. The State Auction has been scheduled for October 18<sup>th</sup>, 2014.

Travis James asked the town administrator to be sure this notice is given to all department heads.

Because of the different department utilizing other sources to sell town property would like to make a motion.

**MOTION**

*Brian Pike made a motion that if the surplus we have in town isn't sold or contracted by the 2<sup>nd</sup> of October then it should go to the White Farm for the October 18<sup>th</sup> auction.*

*Travis James seconded the motion for discussion.*

*Brain Pike stated this will give the town a week to get all of their paperwork together that they need.*

*The motion passed unanimously.*

Travis James requested to put this motion back on the table that was brought up about a month ago to give the Police Department back 50% of his request for the part time budget line which was approximately \$3,500.00. The Police Department part time police officer budget is currently at 19%. There was further discussion on the coverage of the Police Department.

**MOTION**

*Travis James made the motion to return \$3,500 to the part time police department budget line.*

*Brain Pike seconded the motion for discussion.*

*Brian made the motion to table the motion until next week when the full board is present.*

*The consensus was to table the discussion.*

Brian Pike brought up for discussion. The CIP committee is now official; the Planning Board is still looking for a public member to sit in on our meeting.

**PUBLIC COMMENT**

Gary Attala asked if the budget was actually cut.

Travis James stated that the town is working on a default budget from the previous year.

Gary Attala asked how many hours did this budget cut affect his budget.

Brian Pike reported that the Police Chief reported that the revised budget would be a loss of 402 hours for the part time line.

Travis James stated that his motion was to fund 50% of that so it would be 201 part time hours.

Brian Pike stated that it was the equivalent of 16.75 hours of coverage for the last twelve weeks.

Brian Pike stated that if giving the Police Department additional funding for extra part time hours, I would rather see them patrolling our neck of the woods instead of taking special duty.

Travis James stated that because of the lack of part time coverage the full time staff gets behind on their police reporting.

The last subject matter will require the Board enter into non-public.

Brain pike made the motion to go into non-public per RSA 91-A: 3 II (a)

**MOTION:**

*Brian Pike made a motion that the Dunbarton Board of Selectmen go into a Non-Public Executive Session in accordance with RSA 91-A: 3 II (a) at 8:35 p.m.*

*Travis James seconded the motion. The motion passed unanimously.*

There being no further business, the regular meeting adjourned with the following motion:

**MOTION:**

***Brian Pike made a motion to adjourn the regular meeting at 8:55 p.m.***

***Travis James seconded the motion. The motion passed unanimously.***

Respectfully submitted,

Line Comeau, Recording Secretary

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Travis James, pro-temp

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Brian Pike, Selectman