

# BAC/Select Board Joint Meeting with Auditors

## September 13,2023

### Minutes

Present: Gary Scholl, Tim Fiske, Bill Ezell, Mike Darnell, Peter Allen, Christine Robidoux, Robert Kenney, Ken Caisse, George Willard, Gail Cromwell

Guest: Tim Greene, Auditor, Roberts & Greene, PLLC

Gary Scholl called the meeting to order at 7 pm. Mr. Greene gave a detailed explanation of the financial statements for the 2022 year. The town has been required to include the broadband assets and liabilities beginning in 2021 making comparisons with previous years somewhat difficult.

The basic financial condition of the town is good. We continue in the pattern of underestimating our revenues and underspending our annual budget. For 2022, the town had \$68,902 in extra revenue, and underspent the budget by \$76,043. The **Unassigned Fund Balance** (used to meet emergencies and is available to reduce taxes), increased from \$529,456 at the beginning of the year to \$554,914 at year end. Since our total operating budget was \$1.3M and our payments to ConVal School and Hillsborough County were \$3.2M the Unassigned Fund Balance would support about 6 weeks or 12.8% of our total expenditures.

The financial statements provide a **Net Position** which is the town's total assets less its liabilities. The value at year end was \$4,078,458 and is an improvement over the previous year's Net Position of \$3,523,171. Although tracking this number is useful, since the capital assets are depreciated by accounting practices, this can not be confused with a layman's concept of "Net Worth."

The **General Fund** is the primary fund of the town and had a total balance of \$1,709,407 at year end. This includes: The reserve accounts for the town that are not "**nonmajor**" funds (the Library, Conservation Commission, the Recreation Commission, the 250 Fund), and a "**Permanent Fund**" (those reserve accounts that provide benefits to specific purposes such as the cemeteries and scholarships.) and the town's "**Total Capital Reserve Funds**" (the familiar accounts for the highway, fire department, town buildings, etc.). The Total Capital Reserve Funds are valued at \$799,276. Despite their differences, all these funds are managed by the Trustees of Trust Funds.

Recommendations to the Select Board:

1. The town needs an Investment Policy.
2. Gross budgeting requires that we incorporate the broadband debt and service fee revenues into our budgeting.

3. Grants from the state were improperly transferred to reserve accounts during the year and will need to be corrected. NH RSA 35:5 requires that payments into a capital reserve fund can be made only by a vote at town meeting. It will also be necessary to consider whether the stated purposes of a grant are consistent with a specific capital reserve fund.

The group thanked Tim Greene for his presentation and he left the meeting.

Gary then reviewed what he had been previously concerned about regarding town expenditures. A major accounting error was found and corrected so that expenditures were not excessive for this time of the year. We have had a change in bookkeeper and Gary is working with her to resolve the several issues we have noted.

We remain concerned about the incorrect assignment of burial expenses (wages paid to the highway workers) as general cemetery wage expense and not burial expense. No burial expense has been recorded this year despite a number of burials. This has been explained to Kent Perry for proper assignment going forward and past assignments should be corrected. The select board should watch for this possible error in the regular manifests.

The meeting adjourned at 8:10.

Respectfully submitted,

Gail Cromwell