



Executive Committee Meeting Minutes
May 11, 2018 at 9:00 am

In Attendance: Representatives Abear, Aldrich, Huot, Sylvia and Vadney

Absent: Howard and Varney.

Minutes: M/Huot to approve the minutes of 3/20/18, S/Aldrich. Unanimous. **Motion passed.**

Overview of audit process: Sheryl Stephens Burke, Melanson-Heath was present to review the audit process and answer questions. Rep Abear stated he wanted to make sure there were appropriate safeguards in place and questioned the allowance for bad debt. Rep Huot stated he was not sure the Executive Committee had any jurisdiction over the County audit but a general overview was a good idea. He stated that bad debt in the nursing home had been going on forever.

Ms. Burke provided a brief overview of the 2017 audit. (To view a copy of the financial statement go to www.belknapcounty.org.) She stated the financial audit for Gunstock is included as required. Ms. Burke reviewed the responsibilities of management and the auditors. She stated it is very important to have a clean audit opinion and for 2017 it is a clean audit.

At 9:15 am Rep Sylvia requested Rep Comtois be called to listen to the meeting. Rep Huot reviewed the requirements for electronic participation of a meeting. Rep Sylvia stated she is listening as a member of the public and special accommodations are being made.

Ms. Burke reviewed the statement of net position and the affects GASB68 has on this. Rep Abear asked if the requirements for GASB68 were different than reporting for a publically held business. Ms. Burke stated there two different types of standards.

Rep Huot stated he didn't think the County was responsible for the unfunded liability for the retirement system. He asked what the significance was of showing the unfunded liability for County employees. Ms. Burke stated it is a requirement under the acceptable accounting reporting. Rep Huot stated if the retirement system fails the individual units in the system will not have to pay it out of local funds. Rep Abear stated the tax payer will be responsible whether it be town, County or state.

Ms. Burke stated the fund balance is alarmingly low. Rep Sylvia asked if encumbrances are money from 2017 that are spent in 2018. Ms. Burke stated the definition of encumbrances are something that has been contracted for but the services will not be provided until the following year. Rep Spanos stated the \$303,000 is low and alarming for a fund balance. Ms. Burke stated it is. She stated bond agencies focus on the fund balance and it will affect bond rating. Rep Spanos asked for an opinion on an acceptable fund balance. Ms. Burke stated best practice would be to have 2 to 3 months of current budget expenses. She stated timing of revenue coming is needs to be considered also.

Rep Vadney stated bad debt is being carried and asked how long it should be carried. Ms. Burke stated there is a potentially uncollectible in the report and reviewed the process for that number.

Rep Abear asked how long Ms. Burke has been the auditor for the County. Ms. Burke stated maybe since 2010-2011. Rep Abear asked when the audit begins is there a written engagement letter or contract which specifies who will be required to provide information and what information will be looked for. Ms. Burke stated the engagement letter outlines what is talked about in the independent audit report. Rep Abear asked if the fee for the audit is fixed based on the engagement letter or the work necessary to complete the audit. Ms. Burke stated it is a fixed fee contract based on the estimated number of hours to complete the County audit.

Rep Abear asked how they verify information being presented is complete and correct and also if spot checks are done with access to the accounting system. Ms. Burke stated there are various different ways under the auditing standards. Some examples are cash testing of bank statements at year end, cutoffs with receipts and disbursements. Rep Abear asked if there are different levels and types of audits. Ms. Burke stated part of the audit process is segregation of duties. If any issues are found they have a duty to report them. Rep Abear stated Medicare, Medicaid and private insurance carriers have different timelines as to when bills become stale and asked if those are included in the evaluation of the receivables. Ms. Burke stated part of the receivable include subsequent receipt testing. Part of the reason the audit gets held up because of the lag of receipts received.

Commissioner DeVoy stated \$4.8million in fund balance would cover 2 months of the County budget. He asked how many Counties they audit. Ms. Burke stated they audit five Counties. Commissioner DeVoy asked if the audit firm is happy with the audit. Ms. Burke stated the audit went smoothly and this one went particularly well.

Rep Spanos stated one issue that came up this year was the tardiness of collecting receivables. He asked if bad debt should be written off after a certain time. Ms. Burke recommends a receivables evaluation policy. She stated some Counties like to keep everything on the books. Ms. Burke stated she has talked about ways to improve the monthly process with Deb and Lori.

Rep Huot stated his understanding of the situation is the management of the accounts receivable is within the jurisdiction of the Commissioners not the Executive Committee or Delegation. He stated the nursing home here has checked up on old receivables and submitted after deadline and were paid. Rep Sylvia asked if they look at the movement of money between accounts. Ms. Burke stated it is to a certain extent. She stated a comparison of the original budget to the final budget is made and if there are significant changes they look into it. Rep Sylvia stated RSA28, 3-A refers to the County audit and requires the approval of the Executive Committee for the audit. He stated as far as he knew that has not been part of the process and asked if other Counties do this. Ms. Burke stated this was the first Executive Committee she had met with.

County Administrator Shackett stated the accounting staff work very hard. She stated it is a very big deal to not have a management letter and wanted to recognize Accounting Manager Lori Sharp.

Budget Review: Rep Sylvia stated the budget is as of April 30th. Rep Huot stated the County Attorney had estimated grants and asked if there had been discussion for the 2nd victim witness advocate. Commissioner DeVoy stated the grant is in the budget and did not know when the position will be filled. Rep Spanos asked for an explanation for the written note on the cash flow sheet. County Administrator Shackett stated the first TAN will be spent by August 31 and additional money will need to be borrowed. Rep Sylvia stated the initial TAN was \$7.6 million. County Administrator Shackett stated that was correct. She stated around \$3 million will need to be borrowed in August.

Revenues: Rep Abear asked if there were any surprises. County Administrator Shackett stated there were not.

Expenses: Rep Sylvia inquired about the \$20 meeting fee paid in April for a Delegation meeting. County Administrator Shackett stated that one Representative was paid in April. Rep Sylvia asked what the status was for the legal situation. County Administrator Shackett stated she did not have that information with her. She stated all the amounts being paid are fees for Supreme Court filings.

Rep Sylvia noted the contracted IT service line was at 59%. Commissioner DeVoy stated \$40,000 was cut from that department.

Commissioner DeVoy stated an employee in Registry of Deeds changed insurance to a family plan and it will affect the department total.

Rep Sylvia asked if there should be any concern with the bottom line of County Maintenance at the end of the year. Commissioner DeVoy stated nothing had been brought to his attention. Rep Vadney asked why the line for building improvements was at 100%. Accounting Manager Sharp stated it was due to the audio equipment costing more than was encumbered.

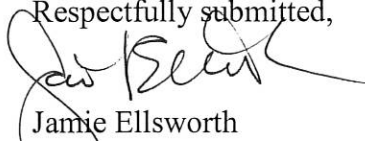
Contingency: Rep Sylvia stated RSA24:13 directs that the contingency money can only be expended by approval of the Executive Committee. He stated there is an issue that money was transferred without authorization of the Executive Committee and would like it referred to the County Attorney for an opinion. Commissioner DeVoy stated he is only one Commissioner of three and believes there is no transfer restriction. Rep Vadney asked where in the budget the \$4,000 went. Commissioner DeVoy stated it was transferred to Restorative Justice to cover drug screens and vehicle repair. Rep Huot stated the statute also requires that the Convention set amounts by line. Rep Sylvia stated there is a possibility of a violation of the RSA and he stated they have a duty to have it looked into.

Sheriff Moyer stated they are having some difficulties in dispatch just like last year. He stated he received notice last week that one of the dispatchers has been called to active duty until September. Rep Sylvia stated he appreciates the staff that are helping out.

Rep Vadney stated the bottom line of 30% looks excellent. He stated he expected the nursing home to be higher. County Administrator Shackett stated there are some large expenses that have not been paid yet.

Adjourn: M/Huot, S/Vadney to adjourn at 11:04am.

Respectfully submitted,



Jamie Ellsworth
Administrative Assistant