

TOWN OF LITCHFIELD

Selectmen's Meeting

May 10, 2010

The Board of Selectmen held a meeting at 5:30 p.m. in the town Hall Conference Room.

Members present: Frank A. Byron, Chairman
Steven D. Perry, Vice Chairman
M. Patricia Jewett
George A. Lambert
John R. Brunelle

5:30 p.m. Review of Paperwork and Communications

6:30 p.m. Nonpublic session per RSA91-A:3II(b) the hiring of any person as a public employee.

PLEDGE OF ALLEGIANCE

All rose for the Pledge of Allegiance.

CONSENT ITEMS/ANY OTHER BUSINESS

1. Minutes and abatements. **Any Other business:** 1. Tree removal at Wood Hawk. 2. Temporary employee. 3. Insurance Claim. 4. Audit paperwork. 5. Fraud Policy. 6. 2011 Budget. 7. Non-public session.

PUBIC INPUT

There was no public input.

2007 TOWN AUDIT

Mr. Bob Vachon, Vachon Clukay, came before the Board to discuss the 2007 Audit report. He provided a handout of items that need to be corrected regarding internal controls. The 2007 Audit is provided in 2010 in large due to some issues of the past Treasurer and the obligation of Vachon to maintain confidentiality in the records per order of the Attorney General's office. The Attorney General's office has finally allowed records to be public. Mr. Vachon said that the Town records were in total disarray and that the former Treasurer used it for his personal advantage in many, many ways and it was compounded by the 2006 Audit which showed some issues. In 2008 they had learned that the Board was never presented with the 2006 internal control management letter. Talk ensued. The 2007 records were much worse than 2006. He stressed that it is very important that all departments reconcile the records with other departments on a timely basis; this was not done.

Mr. Vachon: He knew how to cook the books without eminent discovery. He used his position as former Trustee of Trust funds; he actually did their reports so he could alter their report and as

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Recreation Chairman to his personal advantage. He was caught by the bank when he tried to deposit a town check into his personal account. He used the shortcomings in your accounting personnel to his personal advantage. He would change his monthly report, and no one would ask questions. As a result of all of these things, we were not able to express an opinion. We relied on the Attorney General to identify a lot of the money because it would be no charge to the Town for them to go through his personal records.

Mr. Vachon further stated that in 2008 he had met with the Chairman and a special committee to do an internal control study as to what details they could provide the Town at no charge. "We also responded to your attorney many times with summaries of losses for the insurance company and the last 3 to 4 thousand we did not bill you".

He reviewed items where there was no accountability such as the water tickets. The police and recreation revolving fund were starting to get recorded but the numbers meant nothing. There was a new personnel in the office unable to help them reconcile the issues. There were too many credit cards; 13 cards. Encumbrances are purchase orders, continuing appropriations are appropriations that can be carried over to next year - both of those were reported as accounts payable and they are not. Again the numbers did not reconcile. Library did improve in 2006 a formal review of documentation of disbursement that was improved in 2007 and the unexpended balance of appropriations for the library was included in accounts payable that was fixed in 2007. We were very uncomfortable with cash journals; there were no sequential numbered receipts at the Incinerator and the controls were less than satisfactory. The former trustee used the town treasurer to prepare their annual report which is a direct conflict under State law. Chairman Byron went on to state what has been implemented in order to avoid this situation from happening again. The Town is now using the software accounting system receipts...monthly reconciliation is being done between the Treasurer and Tax Collector and Selectmen's Office changing the way we handle cash flow. The thirteen credit cards were destroyed and there are only five cards issued and they are reconciled monthly. The Town is looking at moving ahead with a purchase order system and policies. Also, accountants were hired to put the records back together.

Mr. Vachon said the list provided are reoccurring problems that were never communicated to the Board.

Mr. Lambert: So, the first time you have a problem reported to us with the tracking of impact fees, not reconciling...is 2007?

Mr. Vachon: Yes. The first time he took money was in 2006 and we asked about deposit transits; he delayed us forever.

Chairman Byron thanked Mr. Vachon for helping out the Town during the forensic audit he had done for the Town with the State and the results were the person who committed the fraud was

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sentenced to serve time. "I do want to thank you for the effort you put into that and helping out and working with the Town as well as the AG's office and pass that along to your employees".

PURCHASING POLICY

The Board reviewed the policy. Item g. the following was added that "where department head is the purchaser of goods or services, the purchase order or payment authorization must be signed by another department individual, ex. V. Chair or by the Selectmen's representative to the department. In no case may a single individual perform purchases and authorize their own actions. This was discussed. What it means is if you look at items under \$3,000, a purchase order is not necessary. So, a receipt is submitted to the Town for payment and they would have to have somebody else sign the receipt for items under \$3,000. Talk continued as to signage of receipts by management and personnel. Typically, it is someone of higher authority approving the purchases. The Board would be signing off on purchases for the Town Administrator. The following will be added: Authorization must be signed by the Selectmen's representative/liaison for department or Town Administrator.

It was agreed to delete the 2nd sentence on page 2, Section 3a. This policy would go into effect July 1, 2010. Mrs. Langille will order the software.

INVESTMENT POLICY

The Town Treasurer had some comments regarding the policy. The RSA changed and so she does not have to take amounts less than \$1,500 to the bank immediately. She felt that she needed to have the ability to delegate responsibilities. Mr. Byron put together a form for delegating in writing and it states that the person she is delegating has to be bonded. The Selectmen would have to sign off on the delegation. It was agreed Appendix C - to add a date and ending date or it is in effect until a new Treasurer is in place. This will be reviewed by Town Counsel, the auditors and a meeting with the Town Treasurer to clarify the policy.

LETTER TO CITIZENS/TAX RATE

The Board reviewed an informational letter prepared by the Chairman regarding assessments and tax rate. The letter explains what will occur in December with the second tax bill and the new tax rate. The plan is to enclose a copy of the letter with the tax bills for December. Mr. Lambert believes that the letter would not be read by the residents and all that is needed is one line posted on the front of the tax bill. Mr. Lambert will work on this matter to come up with something easier for residents to understand and prepare a chart showing the details.

HIGHWAY IMPACT FEES

The Road Agent would like to purchase a frontend loader with road impact money. Mr. Perry

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MOTIONED to table this until we have a documentation of exactly how far back our impact fees goes to a date in the future. Mrs. Jewett seconded. Mr. Byron suggested taking it off the agenda and bringing it back when we have the information. Mr. Perry withdrew his motion and Mrs. Jewett withdrew her second so that this could be discussed. Mr. Brunelle went on to talk about the need for a frontend loader. Mr. Brunelle **MOTIONED** that the Board authorizes Road Agent Pinciario to expend impact fees from the highway for \$76,500 and award it to the State bid Chappell. Mrs. Jewett seconded. Mr. Brunelle voted yes. Motion failed 1-4-0. Mr. Brunelle **MOTIONED** that we freeze all impact fee spending until the auditing shows that we have the money we need. Mr. Perry seconded. Motion carried 5-0-0.

TOWN CLERK/TAX COLLECTOR

Town Clerk/Tax Collector Theresa Briand was present to talk about a drop off box to be located in the Town Hall lobby. Residents would be able to drop off payments for taxes, fees, etc. and not have to slide their payments under the door, or in the window. Mr. Perry expressed his concern with this suggestion. Mrs. Briand explained the construction of the box and installation process. The cost for the box is \$268 and will come out of Mrs. Briand's budget. Talk went on as to liability issues. Mr. Brunelle **MOTIONED** that we authorize Theresa Briand Town Clerk/Tax Collector to install a drop box to service the community for collecting taxes and fees. Mrs. Jewett seconded. Mr. Perry voted. Motion carried 4-1-0.

PERAMBULATION

There is an RSA requirement to walk the Town boundaries with abutting communities every five or seven years. Mr. Lambert had walked the line last year with Hudson. Mr. Brunelle will take over accomplishing the task thereby contacting Manchester and Londonderry.

SALARY ADJUSTMENT- MILLETTE

Police Chief Joseph O'Brion was present. Mr. Lambert explained that the Lieutenant is making less than the Sergeants and so the liaisons and Chief O'Brion are recommending a salary increase for Lt. Millette who is a nonbargaining employee. Lt. Millette has worked for the Town for 29 years. The voters approved an increase for the bargaining unit. It was pointed out that he was supposed to get an increase that was added in the 2010 budget bringing him to \$64,615. The Board reviewed the salary grid and discussed where to put him on the salary grid.

The whole bargaining unit including dispatchers, part-time officers and 7 full time officers were given increases this year.

Mr. Brunelle **MOTIONED** that we move Lt. Millette to Grade 13 twenty plus years with a salary of \$69,437.37. Mr. Lambert seconded. Chairman indicated doing something in the next budget. Motion carried 5-0-0. It was stated that this would be effective immediately and that

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the Chief would find it in his budget.

SELECTMEN SUMMER SCHEDULE

The Selectmen summer hours will remain as stated in the Annual Report.

COMMITTEE/DISTRICT REPORTS

Senior Spring Fling - The Recreation is holding a Senior Spring Fling at Talent Hall on Thursday, May 27, 2010, at 2:00 p.m.

PUBLIC INPUT

There was no public input.

APPROVAL WITH CONSENT

Mr. Byron **MOTIONED** that we accept the abatements and minutes of April 26, 2010 and May 3, 2010. Mrs. Jewett seconded. Mr. Lambert abstained. Motion carried 4-0-1.

ANY OTHER BUSINESS

Fraud Policy - This will be discussed at the May 17, 2010 meeting.

2011 Budget - Chairman Byron made the following suggestions for the 2011 budget: 1. Open the Town offices for three days a week. 2. Decrease police cruisers from 7 to 6 excluding the Chief's and or eliminating details. 3. Encourage use of detail fees for maintenance of cruisers and fire apparatus, etc. 4. Charge a user fee for recreation - level fund activities. 5. Charge a fee for use of Talent Hall by nonresidents. 6. Highway Block Grant for maintenance. 7. Cable Committee - fund out of subscriber fees. 8. Dispatch service. 9. Use of Town vehicles by Town Clerk/Tax Collector, people going to conferences, etc. 10. Decrease overtime for police department. 11. Bid out taking of minutes. 12. Capping Current Use fund back into the general fund as revenue.

Mr. Brunelle mentioned a revolving fund for the money coming in for recycling. This was discussed. Mr. Lambert mentioned that he did not think that Pennichuck was being taxed enough. This would have to be checked with Avitar. Discussions went on as to State revenues being cut and also additional money the Town's have to put into the retirement system which increased from 20% to 25%. Mr. Brunelle was not in favor of reducing public safety and suggested not hiring a Town Administrator and save \$80,000. Mr. Byron indicated that these are only suggestions and that the members or department heads to think of other things to save money.

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Tree Removal - The Road Agent removed a pine tree at Wood Hawk Way. Mr. Perry **MOTIONED** \$950 be charged to 4312.20-571 highway tree removal line and submit the bill to the insurance. Mrs. Jewett seconded. It was pointed out that this is not the tree that fell. Motion carried 5-0-0. (See below for new vote)

Audit Checklist - Chairman Byron will attempt to complete the checklist and forward to each member.

Insurance Claim/Tree - It was not certain if the form needs to be filled out. Mrs. Langille will check.

Temporary Employee - Mr. Lambert **MOTIONED** that we hire a temporary employee in our office Grade 5 Step 1 at \$12.35 an hour. Mrs. Jewett seconded. There is \$13,000 in the budget. Mr. Byron abstained. Motion carried 4-0-1.

Tree Removal - Mr. Perry **MOTIONED** to transfer \$950 from 4520.20-651 field maintenance and put it to 4312.20-571. Mr. Brunelle seconded. Talk went on and it was determined to just take the money from the line and pay the bill. Mr. Perry withdrew his motion.

Mr. Perry **MOTIONED** to restore the \$950.00 to 4312.20-571 and then place the bill payment against 4520.20-651 field maintenance. Mr. Brunelle seconded. Mr. Lambert **AMENDED MOTION** to say direct a memo to the Recreation telling them we have deducted from their line in the amount specified. No second. Amended Motion failed. Main motion: Mrs. Jewett voted no. Mrs. Jewett felt that the department head should be notified and apologized to Jack Pinciario for not doing the same on the previous vote. Motion carried 4-1-0.
Public session ended at 9:59 p.m.

NONPUBLIC SESSION

Mr. Byron **MOTIONED** to go into nonpublic session per RSA91-A:3II(c) personnel matters. Roll call: F. Byron, yes; S. Perry, yes; M.P. Jewett, yes; G. Lambert, yes; J. Brunelle, yes. Motion carried 5-0-0.

A **MOTION** was made to come out of nonpublic session. It was seconded. Roll call: F. Byron, yes; S. Perry, yes; M.P. Jewett, yes; G. Lambert, yes; J. Brunelle, yes. Motion carried 5-0-0.

A **MOTION** was made to keep the minutes nonpublic. It was seconded. Motion carried 5-0-0.

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There being no further business, a **MOTION** was made to adjourn the meeting. It was seconded.
Motion carried 5-0-0.

Frank A. Byron, Chairman

Steven D. Perry, V. Chairman

M. Patricia Jewett

George A. Lambert

John R. Brunelle

Lorraine Dogopoulos
Selectmen's Secretary