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**MINUTES OF THE BOARD OF GOVERNORS OF THE
MILFORD AREA COMMUNICATIONS CENTER (previously nps)**

May 22, 2019

PRESENT: Chairman Jay Wilson, BOG Town of Mont Vernon
Vice Chairman, Craig Frye, BOG Town of Milford
Eric Olesen, BOG Town of Wilton
Jason Johnson, MACC Director
Darlene Bouffard, Recording Secretary

The Non-public minutes were voted to be public minutes on a vote made at the Board of Governors meeting on June 12, 2019. Motion made by J. Wilson, seconded by C. Frye. All were in favor to make this portion of the non-public session minutes public.

8. Non-Public: RSA 91-A:3, II(a) and (c): The non-public session of the Board of Governors opened at 1:12 p.m. Jason Johnson introduced Jim Travis, BOG Finance Manager, who indicated he understands there is a question of how come there is so much money in the account when there should not be. C. Frye asked how long Mr. Travis has been keeping the books for MACC and asked if he is a CPA? Mr. Travis answered he has been doing bookkeeping since about 1973 and he is not a CPA. Books have been kept for MACC at least twenty years. J. Johnson said he started in the 1980's. Mr. Travis added that when he started, Mike Putnam was at MACC. C. Frye asked if he has ever read the Intermunicipality Agreement for MACC? Mr. Travis answered he has not.

Jay Wilson indicated, when doing the books, has the Board of Governors ever asked him to put any money into any other account at any time? Mr. Travis said no one has ever asked him to move money into an account that was not on the books. Jay Wilson asked if anyone prior to Craig Frye ever brought the overage to Mr. Travis' attention? Jason Johnson had brought up that it might be needed for contingency. Jay Wilson asked if Mike Putnam ever asked for anything to be moved? Jim Travis answered no, just MACC for contingency. Jim also did Mike Putnam's taxes and he never took money from this account other than to reimburse for expenses and he always made sure there were cross checks for disbursements. Jay Wilson asked how did we get where we are now? He wonders about depreciation and how it is spread out, what is our ability to get information (to the BOG) a little easier. A resident asked a question to a BOG member today and the BOG needs to reach out to Jim to get questions answered. Jim said he is able to be reached via e-mail, that is the best method. C. Frye asked what is the fee charged by Jim? Jim Travis answered \$800 for review. When there were W-2 problems, it cost \$1,100 because he spent about two days to put together information for the BOG to review. Jason Johnson said Jim also is a double check for Jason's work, especially for fixed assets. He uses 10% for depreciation, it is for accounting purposes only. It is an intangible asset. Jay Wilson found the depreciation number does not come into play. Jim Travis explained that is why he puts it back in on the spreadsheet. You are looking for cash flow. Jay Wilson said the depreciation is pretty much for assets, not the cash of MACC in case of closure, with the remaining towns per the agreement.

Eric Olesen asked what this is regarding, he asked for some background information. Jay Wilson explained what the situation is. Jim Travis wants to be sure that MACC does not run out of money. There has never been a parameter for that contingency. Jay Wilson suggested out of this situation, we should establish a carryover reserve to go into the next year. Jay Wilson said the towns were looking at how to get the surplus back sooner. Jim Travis reviewed the last four years cash flow statements. He looked at the budget and expenditures 2015-2019. What he found was that in 2018, there was an error that the overage was \$113,000, not the \$14,000 that was to go back to the towns. Jim Travis said it was his error. Instead of using the correct number, he used the wrong number. Part of that variance was over \$100,000. In 2017, there was no indication of a reimbursement, there should have been a reimbursement in 2017. That might have happened after he did the audit. That is a problem, he did not see that it had happened, when he saw it in 2018, he did report it. The other \$100,000 he knows there are some funds that have been spent for 2019. What was spent in 2019 Jim looked at what was spent. He did not look at the cash as a reimbursable entity, Jim did not recognize that the cash flow was increasing.

C. Frye said in the I&A agreement, it does indicate that surplus gets returned. Jim Travis said in the last two years, it jumped up. C. Frye did get worried when he saw the \$200,000 and that is when he was really looking at expenditures that would be put out. The Town of Milford was focusing on that number. Jim Travis said the income and cash difference was up, he should have seen it, but he did not, it should have been adjusted and noted but he just missed it. We never had a conversation about that, they talked about what was still needed for the expenditures. Jim

1 Travis would need to do an additional schedule to show what is available to keep the balance in proportion. That
2 extra money should be returned to the towns. C. Frye understands there has to be flow over into January, that is why
3 it got missed. There has to be a cross check going into the new year. Jim Travis said he can redo the 2018 report
4 using the proper numbers showing what should be returned to the towns and look at the cash and how much addi-
5 tional money should be returned to the towns. C. Frye noted as of today, all 3 towns have paid for 2019; we are
6 looking at the end of 2018 money. Jay Wilson said the only money we should hold is the \$35,000. Jim Travis
7 would only focus on the 2018 overage. Jay Wilson said \$35,000 should be in the 2019 account. Whatever is left in
8 the surplus account should be returned to the towns. C. Frye said there is \$193,000 in the surplus account. Jim
9 Travis said nothing is missing. C. Frye asked for the report and it was pulled out right away, we are allowed to have
10 some money over the budget, but it is not a lot. We are looking at \$193,000 sitting there from 2018. C. Frye said to
11 be sure \$35,000 is in there for 2019.
12

13 Jay Wilson asked if we understand how it happened? C. Frye said it was a mistake, Jim just said it was a mistake.
14 The BOS want to see previous years, C. Frye asked for the other audits for any other concerns but it is only high in
15 2017 and 2018. Jim Travis found the mistake was his, there are a lot of numbers and he made a mistake. Jay Wilson
16 said we need to address this, Milford wants the money returned. Wilton is aware of it, Eric Olesen can bring infor-
17 mation to his BOS and will have an answer by the next MACC meeting. Jay Wilson will talk to Mont Vernon about
18 their plans. The other two towns know what Mont Vernon is looking at. Jason Johnson will send the Intermunicipal
19 Agreement to Jim Travis to review. Jim said he can present equipment either way, he is not sure if depreciation is
20 required but he felt it was more real world to show what its value is. If the operation is shut down, we should know
21 what the equipment value is. Jay Wilson said the value of the communication equipment is the value used for depre-
22 ciation. C. Frye asked if the depreciation number gets added back in? Jim Travis said yes, it does. C. Frye said that
23 is what was being looked at. Jason Johnson said he did answer that. C. Frye said it is just a number for presentation.
24 Eric Olesen is also asked why we are using it when we are tax exempt, but it is being added back in.
25

26 Jim Travis stated that non-profit organizations are allowed to use depreciation on equipment for taxes, but MACC is
27 not a non-profit. It is an arm of the municipality, but does it qualify as a non-profit? MACC has never applied for
28 non-profit status. C. Frye said because of the Intermunicipality Agreement, MACC is under the umbrella of the mu-
29 nicipalities, so they can be included in the NH State Retirement System under the 3 towns. Jason Johnson said
30 MACC is a quasi-municipality. Jim Travis said other than filing the usual taxes, this has never come up. Jay Wilson
31 said back in 1985, the agreement was that it was set up as a municipal operation for four towns, it was a municipal
32 operation. C. Frye looked into that, he never understood if MACC was for profit, non-profit or something else.
33

34 J. Wilson asked if there is a better way to show depreciation on the paperwork? Jim Travis answered it shows its
35 profit and loss adjustment, then it goes back in. C. Frye said it is added back in because it is just a number. Jim
36 Travis said we reimbursed \$14,000 but it should have been \$113,000 that was returned. That is the 2018 amount. In
37 2017 we did a reimbursement for money from 2016. Jim Travis asked if a cash reserve balance should be set up at
38 the end of 2018? Jim Travis will correct the error at no charge to the BOG. C. Frye said we can discuss in public
39 session what will be done for 2018, but what about 2019 and 2020? Jay Wilson asked for what reason is this non-
40 public? Jason Johnson said it has to do with reputation. It is for the reputation of Jim Travis. C. Frye feels there
41 was never any request to hold money in another account and it was truly an error. C. Frye said that would be reputa-
42 tion for both Jason and Jim. Eric Olesen feels it was an error and from what he is hearing he would say he does not
43 see any wrongdoing. Jay Wilson does not see any impropriety or anything illegal being done, now that it has been
44 discussed, the conclusion is that there was an error and no wrongdoing. Jay Wilson does not feel there was anything
45 discussed that must be sealed and the minutes can be part of the public minutes.
46

47 C. Frye moved to come out of non-public session at 2:00 p.m. E. Olesen seconded. All were in favor.
48

49 Craig Frye stated regarding the request in the public session that the discussion not be in nonpublic, he stated that the
50 Intermunicipality Agreement and the town attorney both say Milford has two votes no matter what type of vote it is.
51 All agreed that all members should review that agreement.
52

53 9. Adjournment: After entering non-public session for the second time, after discussion, E. Olesen moved to come
54 out of non-public session at 2:15 p.m.
55

56
57 Respectfully Submitted,

MINUTES OF THE BOARD OF GOVERNORS OF THE MACC BASE - 5/22/19

1
2 Darlene J. Bouffard
3 Recording Secretary

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5 The minutes of the meeting of the Board of Governors of the Milford Area Communication Center dated ____ were
6 accepted as presented in the minutes of the next meeting.

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9 Jay Wilson, Chairman, Town of Mont Vernon

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12 Craig Frye, Vice Chairman, Town of Milford

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15 Eric Olesen, Member, Town of Wilton