

Middletown Springs Auditors Meeting

May 1, 2019 – 7:30 PM

Middletown Springs Town Office

Official Minutes

Auditors present: Melissa Chesnut-Tangerman, Sarah Grimm, Juanita Burch-Clay (Nita)

Call to order: 7:37 PM

1. Minutes:

- Minutes from the February 27, 2019 meeting were amended and approved.
- Minutes from the March 27, 2019 meeting were approved.

2. Agenda review and adjustment: None. Note- this meeting was rescheduled from April 24.

3. Updates on recent activity:

- The three auditors had a work session on April 16, where they examined statements from the Henderson Fund (see below).
- Nita was active in April, working with the Copeland Cemetery Fund trustees and examining Copeland Milk Fund statements (see below.)
- Items from SB meetings, reported by Sarah:
 - The Treasurer has sent out standard timesheet, expense report, and mileage forms for all town employees. This is a nice organizational step.
 - The Treasurer has appointed an assistant treasurer – Kimberly Mathewson.
 - There will now be a space on the board orders for auditors (or others) to sign: “viewed by...”
 - Listers are getting a raise. (We had some discussion about pay equity among town employees.)
 - There was a question about two charges on the board orders. The new reporting format makes it easy to tell what account expenses come from. (There was an email from the Treasurer to the Town Clerk asking for more information about these charges - 5/1/19).

4. External Audit:

- In April, more information was requested and collected for the Sullivan, Powers auditors. They are about ready to come back for a third (and final) visit, in mid-May.
 - Nita was able to find and send some of the requested info on the Milk Fund, but as far as we know, we still do not have the requested values of annuity with National Life from June 2018 and June 2019. Terry Redfield was asked to request that info from National Life.
- We are looking forward to seeing the conclusions and recommendations related to, among other topics, cash handling, delinquent tax accounting, and the Milk Fund.

5. Town Trust Funds:

Henderson Fund

- At their April 16 work session, the auditors found that account statements and letters for this fund were being filed by the Town Clerk in a drawer in the locked back room, and had not been collected by any Trustee for Public Monies in several months. This resulted in an overdraft on this fund, charged to the town, because there was no response to the bank’s correspondence.
- This information was relayed to the Trustees, so that they could contact their financial advisor/bank to find out why these fees were charged (\$11/month?), and also pay back the \$131 owed the town.

- Also, a recent statement for the Louis Fund, with a faulty address, was found with the Henderson statements.
- An arrangement was made that the Town Clerk will place these statements in a file in the upper drawer of the 2-drawer filing cabinet in the main office, so that Trustees have easy access to those statements. The auditors plan to remind Trustees about these statements monthly.

Copeland Cemetery Fund -

- The external auditors have said that this fund does not get audited with the town finances, because it is not controlled by the town. (One-third of the trustees are elected by the town, two-thirds by the Pleasant View Cemetery Assn.)
- Question: If the town doesn't audit this fund (and similarly, the Copeland Church Fund), then who does? Who audits a non-profit if they don't have it done themselves? We assume that they still have to submit an annual report for the town report, which we plan to review.
- Nita joined the trustees of this fund in a meeting with a financial advisor at Citizens' Bank, West Pawlet, on April 23. There had been a problem with the previous financial advisor, who is no longer with the bank. The money has been transferred to a "conservative growth" plan (as opposed to "conservative") with a lower (1.4%) management fee than previously.
- Discussion about Pleasant View Cemetery Assn. requesting an annual town appropriation of \$1500 for the cemetery, when the Copeland Cemetery Fund has money for the upkeep of cemetery and has no specific projects coming up. The Fund must keep a balance of \$125,000, and is currently in the neighborhood of \$150,000. This is something the auditors will comment on in their FY 19 report, as well as the fact that the original fund document says excess funds can be used for the good of the town.

Copeland Milk Fund:

- We reviewed the annual report and the information requests of Sullivan, Powers. Nita was able to find some information related to investments for them. Terry Redfield has been asked to request specific information about the annuity from National Life.
- We reviewed a summary of the goals of the Fund and discussed informal feedback from the external auditors. It seems that there are some questions about how the income from this fund should be distributed. We also have questions about how an annuity (National Life) meets the stipulations of the original document.
- Melissa will type the content of the original document, which is handwritten, so that it is easier to read the details.
- It was mentioned that the Select Board appoints the trustees of this fund (as opposed to the town electing them.) If the fund has not been managed properly, it would make sense to appoint new trustees who can understand and follow the requirements of the original articles.
- The auditors have been formally asking for a review of this fund for many years and look forward to hearing the assessment of the external auditors.

6. Any Other Business

- Future agendas will include a review of the Sullivan, Powers report, after which priorities can be set.
- Auditors are reminded to give Nita their paid and volunteer hours, and to submit all hours, using the new form, to the Treasurer by the end of June.
- Nita is interested in attending the VLCT financial workshop and will ask the SB for support.

7. Future Meetings and Events:

- Auditors Meetings – May 22, 2019 and June 26, 2019 at 7:30 PM. No July meeting.
- Agenda: Action on Sullivan, Powers audit report.