

Middletown Springs Auditors Meeting

June 26, 2019 – 7:30 PM

Middletown Springs Town Office

Official Minutes

Auditors present: Melissa Chesnut-Tangerman, Sarah Grimm, Juanita Burch-Clay (Nita). Other: Jenny Talke-Munyak, Town Treasurer.

Call to order: 7:38 PM

1. Minutes:

- Minutes from the May 22, 2019 meeting were revised and approved.

2. Agenda review and adjustment: The agenda includes

- The external audit report - whether final or informal
- The end of FY19 and plans to review it
- Louis Library Fund - any updates on repaying the town?
- Copeland Milk Fund - ongoing concerns about the annuity and the difficulty of getting clear accurate information from National Life.
- Next steps, based on all of the above

3. Louis Library Fund: Beth and Jenny have both emailed the bank (Beth twice) about the issue of no money in the checking account and the denied check for the library, with no response. Based on this lack of response, they will look at changing banks. (However, later we specified that this problem is with the financial advisory department of Peoples Bank.)

- A check was written to (for) the library by the fund trustees. A Peoples' Bank person called Jenny and said there was no money in the account, and that the check was unnumbered (i.e. new checks for the new account.)
- **Jenny will contact Beth and follow up.**
- New checks have arrived, for two different accounts, with no fund name on them, and with Middletown Springs as the name and address on the checks. The numbers match the account numbers on the statements (which we opened at the meeting.)
 - The trustees have not been collecting and opening recent mail including a statement and two sets of checks.
- Note, at the May 15 meeting with the bank and trustees, the instructions were: "Right now – take \$1250+\$50 out of Henderson for scholarships. \$500+\$50 for library out of Louis Fund. Then combine the three funds into an allocation fund. Leave \$50 in the checking for each one." (copied from notes at that meeting.)
- Other issue: Contact about the \$131 fee was supposed to come from the People's municipal person in Burlington. No news on this either.

4. External audit report from Sullivan, Powers

On June 6, Jenny and Herb received a draft of the final complete audit report plus a draft "schedule of deficiencies in internal control and other recommendations". Herb and Jenny went through the documents and sent further information. Monday they received a revised draft and a "representation letter". They will review this tomorrow afternoon. (Sarah will join them.)

We discussed in detail information related to the following:

- The library is a "municipal entity" – which means the treasurer has to monitor everything, and all money movement from checks to payroll goes through the treasurer. Jenny and the library will transition this in, including NEMRC set-up.
- Trust funds are different; they should be accounted for in the town books (NEMRC).

- “Private purpose” funds are indirect funds, for citizens’ use in non-town functions.
 - Matthews-Bigelow and Henderson funds are private purpose trust funds.
- “Component unit” of town government – means SB does not control the fund, but has the appointment power for trustees.
 - The Copeland Milk Fund is a component fund.
- “Permanent fund” means the principal is for town, but only the income can be spent.
 - Louis Library – is a non-major governmental fund in this category.
- Copeland Church and Cemetery funds are not included in this audit because they are not controlled by the town.
- We are waiting to see if the recent information from the Milk Fund has been included.
- Jenny will email auditors copies of the latest draft, and Sarah will join Herb and Jenny in a review of the draft.

5. Copeland Milk Fund – Nita reported on concerns related to the Milk Fund.

- We continue to wonder why much of the Milk Fund is invested in an annuity. This has been an auditor concern for some time.
- We wonder why information on the annuity is reported only once each year, with minimal information, instead quarterly.
- We are concerned about the difficulty and delays in getting accurate information about this annuity first from the trustees, and then from National Life (via the trustees). Even when information was presented, there were multiple mistakes in the documents, which had to be re-requested multiple times from National Life. Our trust in the accuracy of the statements is not strong.
- The auditors will continue to review the Milk Fund and make recommendations to the SB after reading the Sullivan, Powers report.

6. End of FY19 – time to start working on our reports!

The Treasurer’s upcoming tasks include:

- Bank reconciliation by mid-July.
- Money gets shifted to reserve accounts. This year, they will be documented differently. Moves of funds will need to be reviewed in the interest of better transparency. Jenny will eventually set up a system for authorizing journal entries and changes.
- Tax rates must be set and tax bills calculated.
- Late August/Early September – we’ll have the FY19 data for auditor review.

7. Next Steps

- Wait for Sullivan, Powers final report. (August meeting)
- Review new procedures for “authorization and support for general journal entries” when developed. (August meeting)
- Wait for treasurer to close FY19 account and review. (September meeting).
- Start work on the FY19 auditor report. Nita will prepare the template and start the report during the summer. (October meeting).

8. Any Other Business

- Reminder to turn in work hours to Jenny.
- Check on preservation reserve funds. (We have two reserve funds for the same function.) Jenny plans to bring this up with the SB.
- Nita – attended the VLCT government auditing and accounting symposium on May 29. Reported at the last SB meeting. Nita will share her rough notes via email, and meet with Jenny later in summer to share more information.

9. Future Meetings and Events:

- Auditors Meetings at 7:30 PM – August 28, 2019, September 25, 2019, October 23, 2019, November 20, 2019 (3rd Wednesday of November).
 - No July meeting.
- Work sessions may be scheduled after the Sullivan, Powers report is available.

Meeting adjourned: 9:00 PM

Minutes submitted by Juanita Burch-Clay