

Brandon Select Board Meeting
Audit Review
April 12, 2021

NOTE: These are unapproved minutes, subject to amendment and/or approval at the subsequent board meeting.

All in Attendance via Zoom.

Board Members In Attendance: Brian Coolidge, Seth Hopkins, Tim Guiles, Michael Markowski, Tracy Wyman

Others In Attendance: Dave Atherton, Josh Quinn, Bill Moore, Sue Gage, Stephanie Jerome, Bernie Carr

1. Call to order

The meeting was called to order by Seth Hopkins - Chair at 6:30PM.

a) Agenda Adoption

Motion by Tim Guiles/Tracy Wyman to adopt the agenda, as posted. **The motion passed unanimously.**

2. Audit Review

Josh Quinn of RHR Smith and Company provided a presentation on the Town's audit. Mr. Quinn stated they were on site in the fall visiting with Sue Gage, Dave Atherton, and Jackie Savela. COVID has caused a struggle and apologized for the delay. Mr. Quinn stated similar to last year, he will review the pertinent parts of the statement. Part of the process is review of total controls and procedures to assure procedures are being followed and best practice recommendations are provided. Mr. Quinn reviewed Statement C balance sheet for Governmental Funds that shows all major funds. He stated the unassigned fund balance as of 6/30/20 was \$461,340 with assets of \$2,682,774 and liabilities of \$1.6 million, deferred revenues of \$338,000 and fund balance total that is made up of a variety of different of types of fund balances. Statement E relating to Revenues and Expenditures, he noted the revenues were \$7,351,000 and total expenditures were at \$7,225,000 with an excess in revenues over expenditures of \$126,000. There is a total change in fund balance of a positive \$53,618 and started with \$616,000 and ended with \$670,000 in the fund balance. Mr. Quinn noted fund balances one metric to use should be 30, 60 or 90 days' worth of expenses and 30 days of expenses are just under \$600,000, which is about what the Town has and is good. With regard to the Wastewater Proprietary Funds, there is no fund balance and includes all long term assets and liabilities. The assets are \$5.394 million and the total liability is \$1.2 million. This is all the capital assets and less what is owed with capital assets is a little over \$3 million. Mr. Quinn noted the Wastewater Fund is in great shape because the operating expenses are a little over \$600,000 and the Town is well ahead in this fund. In reviewing the notes, Mr. Quinn stated the first one is a long note and complement the financial statements and talks about how things are valued and gives descriptions of the fund balances. In Note 8, which is the long term debt, in the General Fund the Town started the year with \$2 million of bonds payable and paid of \$196,000 and ended with \$1.9 million. For the direct bonds payable like leases, the town started with \$421,000 and

added \$97k worth of notes and paid off \$187k and ended with 332,000. The Sewer funds started with \$914,000 and paid off \$32,000 was paid off and ended with \$882,000. Schedule A was a snapshot of Budget to Actual with for all revenues for the year and gives a 10,000 foot-look at revenues with the Town budgeting \$7.2 million and \$7.385 million received. Mr. reviewed Schedule b which was a schedule of departmental operations to better understand the general fund.

In reviewing the management letter, Mr. Quinn advised that with testing they pull cash receipts, cash disbursements expenditures, look at payroll and test a myriad of things. There was an issue with the health insurance payments where the premium payments were calculated using the personnel policy and was basically an accident that was addressed, instead of using the union agreements. They talked to Jackie Savela about how it occurred and discussed how to avoid having it happen in the future. With bank reconciliations, they also provided suggestions in this area in signing off on bank reconciliations for complete oversight to have another set of eyes look at the bank reconciliations. This was another good audit year and is one of the better municipalities that they audit from an organizational perspective. Mr. Quinn appreciated the ease with which information is provided. Mr. Quinn opened the floor to questions.

Seth Hopkins thanked Mr. Quinn and appreciated what was highlighted. He thought it is useful in looking at the sum total of all the small decisions made to find out what the overall impact on the Town's finance are. The Board tries to work with a long term view and it is good to see the aggregate figures. Mr. Hopkins also thanked Dave Atherton, Sue Gage, Jackie Savela, Luanne Merkert and Elaine Smith, noting the Board appreciates all the work the Town staff does. Tim Guiles stated some of the audit seems to be boilerplate and was curious about Page 8 regarding the purpose of the report. It says that the purpose is to describe the scope and not provide an opinion on compliance but the next page indicates that the responsibility is to provide an opinion and seems to be contradictory. Mr. Quinn noted he did not completely disagree. Page 81 is the federal programs and there is also an audit for financial statements. That is quantitative and provides an opinion on where they believe the statements are fairly presented and it was believed that it was fairly stated. The federal compliance has to do with the federal compliance requirements that are on Page 81. This relates to the financial statement audit and is a small difference but is where the separation point is. Page 80 is in all audits and there is so much that has to go into the audits that there is a boilerplate. Mr. Quinn noted that he appreciates working with the Town of Brandon. Mr. Hopkins asked if there are any thoughts with regard to the bank reconciliation. Sue Gage suggested Jackie Savela could provide an overview. Dave Atherton stated Ms. Savela is already doing what was recommended by the auditors when they addressed the issue.

3. Adjournment

Motion by Tracy Wyman/Tim Guiles to adjourn the Select Board meeting at 6:53PM. **The motion passed unanimously.**

Respectfully submitted,

Charlene Bryant
Recording Secretary

