

SHAFTSBURY SELECTBOARD
SPECIAL MEETING
MARCH 16, 2011
MINUTES **DRAFT**

ATTENDING: **Board Members present:** Lon McClintock, Bill Pennebaker, Craig Bruder;
Town Officials: Margy Becker, Town Administrator; Henri Billow, Treasurer;

Board Members absent: Carl Korman, Karen Mellinger

1. Call to Order

Chairman McClintock called the meeting to order at 7:35AM.

2. Conflict of Interest Statement

Chairman McClintock inquired if any Board member had a conflict of interest with any matter on the agenda. No conflict noted for the record.

3. Review of 2010 Independent Audit – Drafting of Responses

The Selectboard is in receipt of a draft Audit Report for an Audit of Financial Statements and Federal Expenditures for the fiscal year 2010.

Selectmen reviewed 5 conditions concerning Internal Controls that were reported as material weaknesses and prepared responses as follows generally:

10-1 Segregation of Duties – Cash: The Selectboard and Treasurer concur with the recommendation that the bank statement reconciliation function for the Trustees of Public Funds be removed and assigned to the Town Auditors. The Selectmen and Treasurer also agreed the bank statement reconciliations for restricted (reserve) funds will be performed by the Town Auditors, since the Treasurer - who currently reconciles - also has check signing authority.

10-2 Reconciliation of Bank Statements: The Selectboard asks for greater detail from Sullivan Powers via memo or e-mail with regards to the reported condition. The Treasurer and Auditors assert that bank statements are being reconciled to the general ledger. Hence the “condition” or “finding” is written too vaguely to enable a proper management response.

10-3 Fixed Assets Accounting and Reporting: The Selectboard and Treasurer concur with the Auditor’s recommendation that fixed asset reporting be implemented. The transition to the modified accrual basis of accounting will require fixed asset reporting. The Town has already begun to identify costs and an inventory of fixed assets in excess of a value of \$2,000. The Treasurer will confirm the need to and cost of purchasing the NEMRC fixed assets reporting module.

10-4 Transfer Station Procedures: The Selectboard discussed the recommendation that a system of cash receipts (such as a cash register) be instituted at the landfill. The Selectboard

partially concurs with this recommendation. The Board noted the system for inventorying and sale of Pay-As-You-Throw (PAYT) stickers as originally designed included the desired internal controls. The Selectboard notes that the **major** concern continues to be the discrepancy in revenues collected versus actual weights of solid waste disposed.

10-5 – Authorization of General Journal Entries: Rick Brigham of Sullivan Powers joined the Board for discussions on clarifying the need to authorize the Treasurer's adjustments to the original books of entry. Mr. Brigham explained the need for a 'second pair of eyes' to view journal entries. He noted that the transition to the modified accrual accounting basis will require the Treasurer to make many more, rather than fewer, journal entries within the monthly and quarterly time periods. The Treasurer and Selectboard agreed that the Treasurer will print monthly "Posting Register Reports" for review by the Town Administrator.

Bill Pennebaker departed the meeting at 8:45AM. Quorum no longer existed.

10-6 – Accounting and Procedures Manual: The Selectboard and Treasurer concur with the need for an Accounting and Procedures Manual which documents accounting procedures. The Treasurer reported her Assistant has been trained in the Treasurer's basic job duties in case of emergencies. The Selectboard also concurred the Accounting and Procedures Manual will identify internal controls and not be limited to a description of duties or tasks.

2010 Fund Balance: The June 30, 2010 Fund Balance has been reported by the Auditors to be \$130,126. This amount is greater than the \$111,291 fund balance reported to the Selectboard in September 2010 and applied to the 2012 budget in order to off-set taxes. The Selectboard and Treasurer agreed with the Auditors' recommendation that the \$111,291 2010 fund balance be reported in the 2012 budget as the budgeted amount and as the actual amount. The unreported 2010 fund balance amount will be reported separately as revenue in the 2013 budget - for example as the "2010 Fund Balance carry forward \$18,835).

4. Warrants: Due to lack of quorum approval of warrants was tabled until March 21, 2010. Chairman McClintock signed PAYROLL WARRANT #PR36.

5. Adjournment: The meeting adjourned at 9:40AM.

Submitted by
Margy Becker