

**Joint Select Board
& Budget Advisory Committee
Town of Temple, NH
*FINAL Meeting Minutes***

5:00 PM, 1 September 2021 at the Town Hall

Call to Order at 5:05 PM

BAC: Gary Scholl, Gail Cromwell, Christine Robidoux, Mike Darnell

Select Board: Ken Caisse, Bill Ezell, George Willard

Treasurer: Peter Allen

Absent: Tim Fiske

Also present from Melanson (Auditors): Scott McIntire

Scholl thanked McIntire for coming, and raised concern that there was a lot of turnover during the audit which made it difficult for our town staff. Scholl would like assurances from McIntire that things will run more smoothly next year.

McIntire agreed, there was turnover with two longtime staff members leaving who normally handle the Temple audit. As a result, McIntire had to move people around internally. As a result, the audit did not go quite as smoothly as it normally does.

Ezell asked if they have sufficient staff now. McIntire responded that they are still looking to hire and build their team, so yes some staffing problems still exist.

Cromwell wondered if the auditors had any difficulty getting info from the town. McIntire: No. The auditors tend to ask a lot of questions, but it was not out of the ordinary. Allen thought there were more questions or repeat questions this year, but all were resolved easily.

McIntire says some questions came up as a result of the software that was used. It could be that the software that was analyzing the data picked up as an error such as a typo, which likely would have been picked up and corrected by a person.

Discussion of letter from Melanson to the Select Board dated August 10th (attached)

- The Town should ensure that proper policies and procedures are in place to address the following:
 - Employee pay rates are reviewed to ensure proper approval and that amounts paid agree with contract.
 - Salary budget versus actual results are reviewed and monitored on a regular basis.

Scholl asked what specifically needs to be addressed. McIntire states it was challenging to verify accurately that the pay raises tied back to the contracts.

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Perhaps it was related to a salary that was not in the budget that should have been. The Town Road Agent came to BAC and when we asked about administrative salaries/wages we thought he did not have an administrative assistant in 2020, but it turns out he did still need one. It was carried as an overage in that line item, but was compensated for in the other employee wages.

Ezell noted that pay sheets are maintained for every employee now. This is a new policy/form that is tracking personal wage allocation, along with a form showing Select Board approval for all wage increases.

McIntire noted that many internal controls changed in 2020. It was a hybrid year since a lot of towns went remote due to COVID, so a lot of things shifted including tracking.

- Letters should be sent to local banks to confirm accounts held in the Town's name.

This is a recommended control mechanism that should be done every few years to make sure there aren't additional accounts set up under the Tax ID number. Sometimes new accounts are set up for a variety of legitimate reasons. It's a good internal control to track all accounts. Go to local banks to ask for a list of accounts under the town's Tax ID number.

This is not a significant issue, not a "material weakness", just a suggestion. Who should send the letters to local banks asking for information? Auditors recommend the Town Treasurer or Select Board Assistant. Select Board/Treasurer will put this into the procedure manual.

Question regarding Cyber Security: Any recommendations? McIntire: Every government should be following this and doing whatever they can to prevent it from happening. Some banks are better than others at cyber security. Allen & BAC recommend we discuss and review this further at another meeting.

- Cash reconciliations between the Treasurer and general ledger should contain dual signatures.

Allen reports that Bookkeeper (Julie) is very thorough at reconciliations and that they work very well together. They will institute recommendation in letter.

- The Treasurer should have custody of all checks and monitor the check sequence.

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This came up last year, as well. McIntire agrees the check sequence should be monitored by the Treasurer. The Bookkeeper has custody of the checks, and we don't agree that Treasurer should have custody. McIntire states these are suggestions, not material deficiencies. If the cost (time) exceeds the benefit, than don't do it.

Allen asked if there were any check sequence issues this year. McIntire: No.

Allen will check with bookkeeper to find out what she does now to verify check sequences and write a policy with her so that this doesn't come up again every year.

Review of Financial Statements (Available at the town office)

Opinion – Page 1-2 basically states the report is “a clean unmodified version”.

Page 7: The Unassigned fund balance shows a high surplus as of 12/31/2020. The ConVal payments are not included in this (44.6%). These are expenditures we are obligated to pay. Fund balance should show total budget including total liability (including school and county). It is a better representation.

There is no template on how to show this ratio, if town is used to it, it should show it the way we compute it. It is clear on the tax rate setting document.

Also on page 7: The revenue shortfall is a negative item, is a negative a shortfall or a positive. This shows an under collection of revenue.

Page 11: What are the “Other liabilities” at 1,489,000? ConVal is 1.3 million of that which is due to the school district. It shows up on page 29. Additional 146K is in timing differences.

Page 29 – What specifically are the timing differences? McIntire will get back to us.

Other items/questions of note:

Page 11 – Custodial fund is what is due to the school. Majority is monies in the account that are due over the next six months to the school. Accounts payable \$28K, likely as of January 2021. He will research the rest and get us specific answers.

Page 13 –The increased overall fund balance is because \$140K went into capital reserve accounts in 2020. This is only capital trusts, not expendable trusts.

Page 15-16 – The Custodial Funds column is new and required this year (GSAB 84). Inflows and outflows need to show up as a fiduciary fund (the school). It is a

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government fund that we have no control over. This is just a new accounting presentation. The data was always there before, there is a new reporting standard.

What other funds are referred to in this document? Can Melanson list them in detail in this report for us in the future? McIntire made a note, yes that can be done.

Scholl again thanked Mr. McIntire on behalf of the BAC and Select Board for coming to meet in person.

6:00 PM Adjourn – Motion by Caisse, second by Scholl, unanimous approval.

Attachments:

Temple, NH SL20 - Final

Available upon request:

Town of Temple Financial Statements for 2020