

Town of Alexandria
July 21, 2021
Accountants Report - Agenda #21

I) Monthly financials (Nicole can add further information)

The monthly financial statements were completed by Nicole and reviewed. The June 30th unaudited financial statements are (will be) posted to the Town's website. Town wide revenues totaled \$29,668 while expenses totaled \$476,752.

Significant expenses in June included the following:

Debt service:

- \$28,866 of principal and interest for equipment financing for the Highway fund
- \$100,123 of principal payment for outstanding debt for Redwood water

Other expenditures:

- \$148,563 of general expenditures
 - o \$17,139 streetscapes
 - o \$31,428 - DPW equipment
- \$136,318 of highway expenditures (Town & part-town)
 - o \$55,168 permanent improvements (roadways, etc.)
- \$48,960 of capital expenditures
 - o \$48,667 Milfoil project

II) Agreed Upon Procedures Court Report

We continue to analyze the findings from the report. We have provided responses and analyses for numerous findings and will continue to analyze the findings and provide support as we address the findings in the report.

Since the last board meeting, we were able to identify the reasons why certain historical information from 2015 and 2016 appeared to have changed/removed from the historical financial statements. The report identified \$162,948 of net expenses that appeared to have been removed from reports in 2015 and 2016.

The financial information used for comparison in the court report was unfortunately based on interim financial results. We were able to identify the specific accounting entries that were not included in the interim financial results, but were reflected in the final account balances. These accounting entries were ordinary month end and year-end journal entries to record financial activity for those years. The final financial information, which included these accounting entries, were used by the Town's previous auditor to perform the town-wide financial audits in 2015 and 2016. We were able to reconcile the Town's final financial information for each fund, to the financial statements audits performed for 2015 and 2016. The timing of when the historical reports were produced caused the perception that the financial information had changed, however this was due to the financial information being at an interim point, compared to after the final month end / year end accounting entries were recorded.

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In addition, we were able to examine why it appeared that the historical fund balances differed from various reports used in the agreed upon procedures. We were able to isolate the issue with an accounting entry that was related to June 2017 that was mistakenly recorded as a June 2007 transaction. This was an ordinary month end closing entry that was mis-posted and inadvertently impacted the historical fund balance information. This misposting had no impact on the previously audited 2015 and 2016 years since the misposting was in June 2017, after the audits were completed. Upon identification of this mis-posting error, which occurred in June 2020, the entry was properly dated as of June 2017 and the historical fund balances for 2015 and 2016 were restored to what was previously audited in those years. The report used in the court report was produced in March 2020 and did not include this correction which was made in June 2020.

III) Litigation / Court Update

- New court papers received dated July 7, 2021. Court papers are primarily a response to the Town's response in April 2021, which were in response to the original court papers received by the Town in December 2020. The Town has a conference scheduled with the courts on August 2nd to discuss the next steps.

IV) 2019 Financial Statement Audit Update

The Bonadio Group has substantially completed their financial statement audit of the Town for 2019. We've prepared additional supporting information, including providing relevant financial statement disclosures that are included in an updated draft financial statement that we received from our auditors on July 9th.

Finalization of the 2019 audit and the performance of the 2020 audit is dependent on the ongoing litigation.

V) Responses to Public Comments / Questions

We have prepared responses from the written questions/comments received at the May 19th board meeting but have not received any written questions/comments from the June 16th meeting. Our goal is to provide a response to both the May and June questions at the same time since some of the questions/comments pertain to items brought up at both meetings.