



Town of Charlotte

ESTABLISHED 1762

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

Reviewed by Sullivan Powers & Co. 8/4/15
Reviewed by Selectboard 9/14/15

SECTION ONE: PURPOSE

The purpose of this Accounting, Auditing and Financial Reporting Policy is to establish and maintain high standards for accounting practices in the Town of Charlotte, thereby enabling voters, the Select Board, and the treasurer to make sound decisions in preparing and adopting the Town budget and managing Town finances.

SECTION TWO: ACCOUNTING

The accounting practices of the Town will conform to Generally Accepted Accounting Principles for local governments as established by the Governmental Accounting Standards Board. The treasurer will establish and maintain a system of fund accounting and shall measure financial position and results of operations using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary and fiduciary funds.

SECTION THREE: AUDITING

Annually the Select Board will cause the Town financial statements to be audited by a qualified, properly licensed independent accounting firm. This audit will be conducted in addition to any audit performed by the Town's elected auditors under 24 V.S.A. § 1681.

SECTION FOUR: MONTHLY AND ANNUAL FINANCIAL REPORTING

The treasurer will prepare monthly financial reports on a cash basis for the Select Board's management purposes. These will consist of:

- a) Budget Report showing revenues collected and appropriations expended for the previous month with the variance from the budget amounts for each line item;
- b) Statement of Revenue, Expenditures, and Changes in Fund Balance showing revenues and expenditures and the difference between the two, the beginning fund balance for the period, the ending fund balance; and
- c) Balance Sheet showing Town assets less liabilities and the fund balance.

The treasurer will also prepare an annual financial report. This report should include financial statements for each of the funds of the Town, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented.

33 In addition, the report should include a narrative discussion to explain how the Town’s current financial
34 position and results of financial activities compare with those of the prior year and with budgeted
35 amounts.

36 This report, together with the most recent independent auditor’s report and any other report prepared by
37 the Town’s elected auditors under 24 V.S.A. § 1682, will be reproduced in the Town’s annual report
38 each year.

39 **Be it enacted by the Select Board of the Town of Charlotte, Vermont – 05445:**

40 The foregoing Policy is hereby adopted by the Select Board of the Town of Charlotte, Vermont, this
41 28th day of September, 2015 and is effective as of this date until amended or repealed.

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44 Lane Morrison, Chair

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50 Matthew Krasnow

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53 Jacob Spell

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56 Carrie Spear

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