

CHARLOTTE TOWN AUDITORS
Minutes of the Monday, September 3, 2013, Meeting
At the Charlotte Town Hall

Present: Town Auditors Peter Trono, Robert Mack, Nancy Wood (chair)
Others: Selectboard Chair Charles Russell, Selectboard member Lane Morrison, Stephen Brooks, Seth Zimmerman, Town Treasurer Mary Mead.

The meeting was called to order at 3:00 p.m.

The minutes of the August 12, 2013, meeting were approved on a motion by Peter Trono, seconded by Nancy Wood, both in favor. Robert Mack arrived shortly thereafter.

Discussion of Selectboard actions regarding charges to the Rice Lumber account by a non-town employee for purchases of tools and other non-material items during 2008-2012: Trono presented a list of reasons why he believed the Selectboard should reconsider their actions. He said the board's decision didn't follow the recommendations of the Town Auditors, including not asking a third party to review the charges. He offered information from Rice Lumber about the type of saw blade and limited number that should have been used on the job. He questioned the use of copper flashing. He said he would like to see the details about the specific items, totally \$1473, that the board determined were tools. He said he expected there would be penalties and interest due on the sales tax due. He said that settling with Mr. St. George for just the \$88 sales tax was an absurd deal, and that a better deal could be made. He said that if the board's goal was to save face, that was not acceptable to the taxpayers. He said that he thought the board members for whom Mr. St. George had worked should have recused themselves. He said he wanted to know what the Town Attorney's opinion was of the potential conflict of interest and the settlement. He said that he thought the Selectboard should direct the Town Auditors or Independent Auditors to review the accounts at CVFRS to determine if there were similar charges.

Mack said he generally agreed with Trono, that even though the Selectboard said there was no contract, the consumables charged were out of order and that Mr. St. George should repay the \$1400. He said there was a need for a conference call with the Town Attorney.

Wood said that she was opposed to asking the Selectboard to reconsider. She said that she did not agree 100% with what the board decided, but that the auditors' role was to review and recommend action, and that it was the board's role to make the decision. She said that she was disappointed that there was no third party review of the charges.

Charles Russell responded that he disagreed that the board's motive was to save face, and that the board needed to consider the cost of using a lawyer. He also disagreed about there being any conflict of interest. He said that the members of the board were capable of reviewing the situation without third party involvement.

Morrison described the process he went through in developing the recommendations the Selectboard approved.

Stephen Brooks raised questions about where and why the 25 ft. of copper flashing was used, and there was detailed discussion about how windows are installed and flashed in proximity to pressure treated wood.

Seth Zimmerman expressed concern about the process and negative impact on the Town, and implored everyone to work together in a friendly fashion.

ACTION: On a motion by Trono, seconded by Mack, the auditors voted to ask the Selectboard to reconsider the actions of August 26 related to the purchases on the municipal charge account at Rice Lumber by Richard St. George. Trono and Mack voted in favor, Wood voted no. Mack will draft a letter to the Selectboard, which the Auditors will review at their next meeting.

Mary Mead attended the rest of the meeting for the discussion of the provision in the MOU between the Town and CVFRS for CVFRS to keep a surplus of up to 15% of the operating account. An e-mail she had received from William Hall, Senior Financial Consultant at the Vermont League of Cities & Towns, was shared in which he indicated that “if the expenditures of fire and rescue are less than anticipated, it is the town that would be retaining the surplus.” Mead questioned why the Selectboard would do otherwise. Russell said that the key point of the MOU is that CVFRS will own both their deficit and their surplus, and that it would provide the incentive for them to maximize their patient billing revenue. Mack said he didn’t believe there were enough details in the MOU and the 15% surplus issue was muddy. Trono urged Town Attorney involvement. Wood said she was willing to consider the surplus approach, at a lower level than 15%, because it would require an accounting at the end of each fiscal year in order to calculate the amount, and because any excess would be used to decrease taxes: it would go into the Fire & Rescue Capital Account, offsetting the amount that would otherwise have to be raised during the next year fiscal year. No action was taken.

The date of the next meeting was set for 3 p.m. on Monday, September 9, 2013.

The meeting was adjourned at 4:50 p.m. on a motion by Trono, seconded by Mack, all in favor.

Note: the September 9 meeting was subsequently cancelled and rescheduled to September 16, 2013.

September 3, 2013, minutes were approved at the September 16, 2013, meeting.