

**CHARLOTTE SELECTBOARD  
MINUTES OF MEETING  
TOWN HALL  
JUNE 15, 2015**

**APPROVED**

*Draft minutes are subject to correction by the Charlotte Selectboard. Changes, if any, will be recorded in the minutes of the next meeting of the Board.*

**SELECTBOARD MEMBERS:** Lane Morrison, Chair; Fritz Tegatz, Matthew Krasnow, Carrie Spear, Jacob Spell.

**ADMINISTRATION:** Dean Bloch, Town Administrator.

**OTHERS:** Peter Trono, Christina Booher, Mary Mead, Moe Harvey, Jenny Cole, Jason , Ellie Russell, John Hammer, Charlotte News; Robin Reid, Charlotte Citizen, and others.

NOTE: THE CHARLOTTE BOARD OF AUDITORS WILL ALSO BE MEETING AND PARTICIPATING IN THE SELECTBOARD MEETING

**ITEMS TAKEN UP:**

7:05 PM Police Service Contract with Vermont State Police. Action under consideration: approve

7:10 PM Penalty for late filers of Homestead Declaration. Action under consideration: waive penalty

7:15 PM Financial Management Questionnaire. Action under consideration: approve

7:30 PM VELCO equipment tax back-payment and other miscellaneous income. Action under consideration: approve using \$36,075 of miscellaneous income towards re-roofing the Library.

7:35 PM Contract with Sullivan, Powers, & Co. for FY15 audit. Action under consideration: approve

7:40 PM Review of FY15 budget to actual for town accounts. Discussion only

8:00 PM Purchasing Policy — review comments/suggestions from Sullivan, Powers & Co. and Vermont League of Cities and Towns. Discussion only

8:20 PM Auditor's Management Letter (pages 141-146 of Town Report) — review status. Discussion only

**CALL TO ORDER**

Mr. Morrison, Chair, called the meeting to order at 7:00 p.m.

**ADJUSTMENT TO AGENDA**

Add: Request by CVFRS for financial aid to rent tents, tables and chairs for the 2015 Town Party – discussion only.

**PUBLIC COMMENT**

None.

**POLICE SERVICE CONTRACT WITH VERMONT STATE POLICE. Action under consideration: approve**

Mr. Krasnow reviewed a written Police Service Contract. There were no changes to the scope of service. A 5 percent rate increase of \$3.20 was a total of \$66.25 this year versus \$63.05 last year. A total budget of \$29,282.50 was under the approved budget of \$30,000, said Mr. Krasnow.

Mr. Krasnow reported that several calls and comments had been received recently regarding increased traffic speeding. He would review the comments with Trooper Daley, said Mr. Krasnow.

**MOTION by Mr. Krasnow, seconded by Mr. Tegatz, to approve a Police Service Contract with the Vermont State Police beginning July 1, 2015 and ending June 30, 2016, for a total hourly rate of \$66.25 for a not to exceed \$29,282.50 budget, and to authorize the Charlotte Selectboard Chair to sign the contract document on behalf of the Town of Charlotte.**

**DISCUSSION:**

**Ms. Reid asked how the police service with the Vermont State Police compared to the service received from the Shelburne Police Department.**

**Mr. Harvey asked how much was spent so far. Mr. Krasnow replied that to date around \$19,000. There were 33 hours of service last month, said Mr. Krasnow.**

**Mr. Morrison reviewed that the total \$25,500 spent in the traffic enforcement line item also included the cost of the speed cart and Halloween night lights.**

**Mr. Harvey noted that the speeding on Greenbush Road has slowed down considerably. The Selectboard, or Community Safety Committee, should write a newspaper article to report what has been done and accomplished, suggested Mr. Harvey. Mr. Krasnow said that he would submit a news article and post it on Front Porch Forum.**

**Ms. Mead clarified that up to May 16, 2015, a total of \$16,263 has been spent, and ticket income received was \$5,900.**

**There was discussion regarding differences between regular patrol service out of the Williston barracks versus private contract patrols that any State Trooper who wanted overtime hours came from Chittenden, Addison, or Franklin counties; renewing a monthly "Selectboard Corner" newspaper article, which would be reviewed by the Selectboard prior to publication; and to have Mr. Krasnow clarify expectations regarding 8.5 hours of coverage per week with the VSP.**

**VOTE: 5 ayes; motion carried.**

**PENALTY FOR LATE FILERS OF HOMESTEAD DECLARATION. Action under consideration: waive penalty**

**MOTION by Mr. Tegatz, seconded by Mr. Krasnow, to approve waiver of penalty for late filers of the Homestead Declaration.**

**DISCUSSION:**

**Mr. Morrison noted that the filing deadline for the Homestead Declaration was April 15<sup>th</sup>.**

**VOTE: 5 ayes; motion carried.**

**FINANCIAL MANAGEMENT QUESTIONNAIRE. Action under consideration: approve**

Ms. Mead explained that the Financial Management Questionnaire was a tool to show the Selectboard where there might be weaknesses. An issue was that the Town Treasurer was not to write checks to cash. However, the Town writes small checks to cash for the Library and Senior Center for petty cash use. Receipts should be kept by those two groups and turned into the Town Treasurer and that does not happen. The Town Clerk's office also has \$100 for petty cash to pay postage for the Listers, for example, said Ms. Mead.

Mr. Trono noted that the Town Auditors had decided on a receipts only policy in order for a Town group to replenish petty cash, or reimbursement. Ms. Cole said the petty cash accounts were for giving change, purchasing postage, etc. and were not to be used for reimbursements.

Ms. Mead said that recording a receipt was a simple process. A receipt book should be used.

Mr. Trono asked if the receipt issue could be written up as a deficiency in the next audit report. Ms. Mead replied yes. It was a 'no documentation' item, stated Ms. Mead.

There was discussion regarding a sample Financial Management Questionnaire filled out by the Town Treasurer. Mr. Trono said that the Town Auditor's had attended training and the question should be marked as 'yes'. Ms. Mead asked that Town officials that attended training should inform the Town Clerk/Treasurer.

**MOTION by Mr. Tegatz, seconded by Mr. Krasnow, to approve a Financial Management Questionnaire, as amended to change Town Auditor training to "yes", and to authorize the Charlotte Selectboard Chair to sign the document on behalf of the Town of Charlotte.**

**DISCUSSION:**

**Ms. Spear stated that the Town Treasurer should only renew the petty cash accounts when proper receipts were submitted.**

**Mr. Morrison said that a question was how to refill the cash. Mr. Trono replied that it should be done only with receipts that would show money in and money going out. Keep a paper trail with the receipts so accounts could always balance out, said Mr. Trono.**

Ms. Mead said she was following a procedure the way the bank wants it done. She writes a check to cash, said Ms. Mead.

Mr. Morrison asked staff to add a Petty Cash Policy on the next Selectboard agenda.

Ms. Cole asked if the purpose of a policy was to provide petty cash to the Senior Center and Library. Ms. Mead replied no. Checks should not be written to cash as per the auditor's recommendations.

**VOTE: 5 ayes; motion carried.**

**VELCO EQUIPMENT TAX BACK-PAYMENT AND OTHER MISCELLANEOUS INCOME. Action under consideration: approve using \$36,075 of miscellaneous income towards re-roofing the Library.**

Mr. Morrison reviewed that the VELCO equipment tax back-payment was to be applied to the Library roof repair project. It was discussed at a previous Selectboard meeting, but did not appear in the Board minutes, said Mr. Morrison.

Mr. Krasnow asked if the tax back-payment was \$32,782, or \$36,075. Mr. Bloch explained that there was other miscellaneous income, such as liquor license fees, and VTrans payments to use the Town rights-of-way added in. The total came to \$36,075, clarified Mr. Bloch. Ms. Mead pointed out that \$2,500 was already taken out for a payment to Ellis Construction for the Library project. The current Miscellaneous Income line item balance was \$34,586.53.

Ms. Mead asked why the line item was not showing that it was for fixing the library roof. Mr. Krasnow explained that the library roof project was in the Improvement and Repair line item. Ms. Mead said that the funds should be transferred out of Miscellaneous Income and put in Improvement and Repair Fund line item.

**MOTION by Mr. Tegatz, seconded by Mr. Krasnow, to transfer \$30,282.51 from the Miscellaneous Income line item to the Improvement and Repair Reserve Fund for the use of repairing the Library roof.**

**DISCUSSION:**

Mr. Bloch said that the Improvement and Repair Reserve Fund was budget for \$51,000 for FY15/16, as shown on page 21 of the Town Report. The VELCO back tax payment wouldn't cover the project list as approved at Town Meetings, said Mr. Bloch.

Mr. Krasnow said that the amount for the library roof would be \$3,292 short.

Mr. Trono asked if the library contract was a 'not to exceed' number. Mr. Tegatz replied the contract was a fixed contract. Part of the price was to replace any rotted plywood found. What was found was evidence of air movement through the roof insulation, and missing vapor barrier. Sprayed insulation was a vapor barrier and insulation, said Mr. Tegatz.

**Mr. Morrison asked if being short \$2,000-3,000 was an issue. Mr. Bloch replied no. VOTE: 5 ayes; motion carried.**

**CONTRACT WITH SULLIVAN, POWERS, & CO. FOR FY15 AUDIT. Action under consideration: approve**

Mr. Morrison reviewed that the contract with Sullivan, Power and Company was the second year of a three year agreement. The fees of \$13,800 were agreed to in the bid contract, said Mr. Morrison.

**MOTION by Mr. Krasnow, seconded by Mr. Spell, to approve a contract with Sullivan, Powers, and Company for a FY2015 audit.**

**VOTE: 5 ayes; motion carried.**

The Selectboard members signed the contract document.

**REVIEW OF FY15 BUDGET TO ACTUAL FOR TOWN ACCOUNTS. Discussion only**

Mr. Morrison explained he and Ms. Mead reviewed the FY2015 Town accounts year-to-date. Page 1 of the 16 page report was important. Non-payment of Property Tax sales were done this year. Total delinquent taxes collected would be high versus what was budgeted. The tax money was received so the budget was ahead now, reported Mr. Morrison.

Mr. Bloch said the Trails Committee project work done last fall was paid out of the Trails Committee budget (page 10 of the report). The Trails Reserve fund was zero. A \$20,000 reimbursement grant was received and the actual was now \$4,102, said Mr. Bloch. Ms Mead clarified that \$5,000 was transferred into the Trails Reserve fund, as per page 21 of the Town Report, and the balance was currently at \$11,000.

**MOTION by Mr. Krasnow, seconded by Mr. Tegatz, to transfer \$3,432.13 from the Trails Reserve Fund to the Trails Committee line item, #100-9000-50.**

**VOTE: 5 ayes; motion carried.**

Ms Spear asked why page 6 was a zero balance. Ms Mead explained that was an old account used when paid CVFRS. Don't do that anymore. CVFRS was a single line item with a lump sum balance. You need to click the 'not to include zero balance' tab when you want to print out a report, explained Ms. Mead.

Mr. Spell asked if the Town was entitled to review CVFRS bank statements. Mr. Tegatz replied no. CVFRS would response to requests, but they were not comfortable with making their check book public. CVFRS does provide a monthly break down to the Town as per the MOA, said Mr. Tegatz.

**PURCHASING POLICY — REVIEW COMMENTS/SUGGESTIONS FROM SULLIVAN, POWERS & CO. AND VERMONT LEAGUE OF CITIES AND TOWNS. Discussion only**

Mr. Morrison explained that the Town received two documents:

- Vermont League of Cities and Towns sent a template of a “Purchasing Policy, Town of...”
- Sullivan, Powers and Company responded with a line-by-line review and a page with recommendations.

The Selectboard reviewed the Sullivan, Powers and Company edit of the Town’s draft Purchasing Policy as follows:

- Line 51 – add “on” after “...based”;
- Line 52 – change to read: “...capacity, price, and skill...”; end the sentence after “...other customers.”
- Line 115 – delete.
- Line 120 – no change.
- Lines 142-143 – not needed.
- Line 158 – strike “...the Selectboard will create...” and change to read “...the agreement will be obtained, or created...”
- Lines 161-175 – add as written, except replace the “/” with “:”.
- Line 166 – correct the spelling of “procedures” and “from”
- Line 179 – keep as written
- Line 224 – keep as written
- Line 229 – strike “worth more than \$25.00”

The “Things To Consider To Include” Sullivan, Powers, and Company document was reviewed as follows:

- Mr. Morrison and Ms. Mead would review a Library Credit Card Policy that required receipts to reconcile individual expenses with Margaret Woodruff. Mr. Morrison would report back to the Selectboard when the credit card reconciliation issue was resolved.
- Add language to the draft Purchasing Policy that “The Town of Charlotte does not allow credit cards, except for the Library...” A definition was needed.
- Under “Purchase Categories”, line 48 - add a Section D that “Credit card use was discouraged unless there was an emergency. A receipt was required for reimbursement, which was not a person’s credit card statement.
- Line 218 – Section 6, receipt and Section 7, Payment
- Line 225 – add Section 8, Debit/Credit Card: add language as recommended by Sullivan, Powers and Company, related to credit or debit card use. Line 226 - Section 9, Lease Purchases, change to read “...lease purchase agreements...”
- Section 10, Monitoring, add “The Selectboard, or Auditors, will periodically conduct...”

**MOTION by Mr. Spell seconded by Mr. Tegatz, to approve a draft Purchasing Policy, as amended, dated June 15, 2015.**

**DISCUSSION:**

**Mr. Trono, Ms. Cole and Mr. Pidgeon, Town Auditors, spoke in support of approving the amended draft Purchasing Policy.**

**Ms. Russell said that a final document should be publically vetted. Mr. Trono noted that there have been multiple meetings and redrafts of the policy. The ‘public’ was not appearing at the warned meetings. The Town should trust that the Selectboard was acting in the best interests of the Town, said Mr. Trono.**

**Ms. Mead pointed out that action to approve the draft policy was not warned on the agenda.**

**Mr. Spell and Mr. Tegatz withdrew the motion.**

Mr. Morrison asked staff to add approval of the draft Purchasing Policy as amended to the start of the June 22, 2015 Selectboard meeting.

Ms. Cole asked staff to send a final amended draft to all Town departments for review.

**AUDITOR’S MANAGEMENT LETTER (PAGES 141-146 OF TOWN REPORT)  
— REVIEW STATUS. Discussion only**

The Selectboard reviewed three material weaknesses as noted in the Auditor’s Management Letter as follows:

- Item 14-1, Segregation of Duties. Mr. Pidgeon said that the Town Auditor’s have crafted a reconciliation worksheet to be completed on a monthly basis. Reconciliation of the General fund was done last month as a start. Each account would be done on a separate schedule. Smaller accounts would be done quarterly.
- Item 14-2, Authorization of General Journal entries. Ms. Mead explained that a “Treasurer’s Policy and Procedure” was written that provided for weekly General Journal entry reports.
- Internal Controls, page 27 of the Sullivan, Powers, and Company report, included a paragraph regarding duties of a Town Treasurer. Ms. Mead would review. Mr. Morrison clarified that the Selectboard drafted polices and Ms. Mead drafted procedures. Ms. Mead said that she had developed a Policy and Procedure Manual. Mr. Morrison asked if the Town Auditors were supportive of the manual. Mr. Trono replied yes.
- Fraud Risk Assessment working draft was developed by Mr. Spell. Ms. Cole suggested creating a check list for the Fraud Risk Assessment draft.
- Ms. Mead said that a cash register as recommended by the CPA auditors was considered. She didn’t recommend getting a cash register. Instead a NEMREC Cash Receipts module would be purchased in the new FY.
- Investment Banking – Mr. Morrison said that no policy was required at this time. It was a low priority.
- Incomplete Accounting System – Ms. Mead said that the issue of “trustee of public funds” was not addressed. Mr. Trono replied that in future the information would be sent to the Town and entered into NEMREC.
- Weekly Payroll. The Town paid its payroll every other week.
- Thompson’s Point Billing. Ms. Mead explained that Thompson’s Point rent revenue was entered into NEMREC.

- MOA with CVFRS and the Town of Charlotte, Surpluses. There were two alternative approaches. One was a percentage approach that included Special Funds. Ms. Mead asked the Selectboard liaison to present the Town Auditors recommendations to the CVFRS CPA auditor, and to ask for the CVFRS auditors response(s). Mr. Tegatz said that he would provide a copy of the Town Auditor's recommendations to Charles Russell, CVFRS Treasurer at the Thursday, June 18, 2015 Corporate Board meeting. A question was how the CVFRS surplus was calculated, said Mr. Tegatz. Ms. Mead reviewed how a 10 percent surplus cap was calculated. Mr. Morrison noted that the Surplus account had \$47,000 balance that was like a 'reserve' in the CVFRS checking account. Mr. Krasnow asked that CVFRS clarify how the surplus balance was accessed and used.
- Internal Controls - progress was on-going.
- Fixed Asset Schedule – to be discussed with the Auditor.
- Unbilled Revenue – was booking receivables at the end of the year. The Town Auditors entered adjustments in NEMREC.
- Section 2, C - add that the Charlotte Road Commissioner was designated as a purchasing agent for highway bids.

In response to questions by Robert Mack related to various financial account reconciliations, Mr. Morrison said that the CVFRS Corporate Board had a reconciliation process. The Land Trust, Cemetery Commission and other Town organization were required to provide receipts and/or were reviewed by the Town Auditors, said Mr. Morrison. Mr. Krasnow said that the Selectboard also reviewed and signed off warrants regularly, which was a checks and balances process.

#### **REQUEST BY CVFRS FOR FINANCIAL AID TO RENT TENTS, TABLES AND CHAIRS FOR THE 2015 TOWN PARTY. Discussion only**

Mr. Tegatz explained that in the past CVFRS sought donated use of grills, tent, tables and chairs for cooking hamburgers at the Town Party. This year the tent was not available. CVFRS was asking the Town to contribute to the cost of renting a tent, table and chairs for the Town Party, said Mr. Tegatz.

Following a brief discussion, Mr. Tegatz said that he would suggest that CVFRS increase the price of a hamburger to help defray a tent rental. Mr. Trono said that if asked, Fat Cow Farm would donate the hamburger meat. Ms. Spear said that the Tractor Parade volunteers would offer assistance.

#### **SELECTBOARD UPDATES**

The Selectboard asked staff to warn a Selectboard meeting for Monday, July 6, 2015 at 7:00 p.m.

Mr. Tegatz reported that Shirley Bruce has retained a drainage engineer to review the water flooding issues that occurred at her properties. Mr. Tegatz would meet with Ms. Bruce and the engineer.

Mr. Morrison suggested that the Selectboard review proposed Ferry Road water drainage solutions and warn it as an action item at the June 22, 2015 Selectboard meeting. Mr. Spell suggested that the curb side appeal of the proposal be looked at. Mr. Tegatz noted that there had been expert review of the problems on Ferry Road that resulted in studies and options.

Mr. Tegatz reported that Hydro Quebec, a Canadian power company, was seeking to submerge a power line in Lake Champlain. An issue was clarification of the Town's extent of 'submerged lands' related to tax revenues.

Mr. Spell reported that Ferry Road residents located along the Vermont Railways tracks were impacted by stored rail cars on the tracks. Mr. Morrison said that he had been in contact with the property owners and Vermont Railway. The Zoning Administrator was working on the issue, said Mr. Morrison.

#### **APPROVE WARRANTS TO PAY BILLS**

The Selectboard signed warrants to pay bills.

#### **ADJOURNMENT**

**MOTION by Mr. Krasnow, seconded by Mr. Tegatz, to adjourn the meeting.**

**VOTE: 5 ayes; motion carried.**

The meeting was adjourned at 10:00 p.m.

Minutes respectfully submitted, Kathlyn L. Furr, Recording Secretary.