

**CHARLOTTE TOWN AUDITORS**  
**Minutes of the Wednesday, January 8, 2014, Meeting**  
**At the Charlotte Town Hall**

Present: Town Auditors Robert Mack, Peter Trono and Nancy Wood, chair  
Others: Selectboard Chair Charles Russell and Selectboard member Lane Morrison

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

The minutes of November 4, 2013, meeting were approved on a motion by Trono, second by Mack, all in favor.

Town Auditors Annual Report: Town Clerk Mary Mead has requested that reports to be included in the Town Report for FY2013 be submitted by January 15, 2014. Wood provided a draft report for discussion. Lane Morrison pointed out that he had presented a draft Purchasing Policy to the Selectboard at the January 6 meeting, and that it might be finalized at the January 13 meeting. Trono asked for clarification about the name of the memorandum between the Town and CVFRS. Russell said it is a memorandum of agreement (MOA), not a memorandum of understanding (MOU). With that one change to the draft report, it was approved on a motion by Trono, second by Mack, all in favor. Subsequent to the meeting, an additional paragraph was added with the e-mail approval of all three auditors that outlines the need for review of the capital assets of the Town. (The final report of the elected auditors is attached to these minutes.)

Progress reports on yearend review of accounts: Trono said he had had one meeting with Stephen Brooks, chair of the Cemetery Commission, to begin a review of that account. Wood and Mack expect to begin reviews soon.

FY2014 Town Report: Town Clerk Mary Mead is not planning to do the Town Report after this year. By statute it is the responsibility of the Town Auditors. Charles Russell has suggested less expensive approaches, such as a smaller report, not mailing a report to all residents, and posting the report online. It was agreed that the Town Auditors would brainstorm with the Selectboard about the format and mailing; Wood offered to collect a selection of Town Reports from other Towns; Mack offered to bring samples to the next meeting.

Financial policy and contract requirements: Trono is continuing review of contract requirements. The draft purchasing and contract policy that Morrison presented to the Selectboard was discussed. Wood said it did not contain specific guidelines for the purchase process, as suggested in the past by the auditors, or specific contract requirements. Examples mentioned included workers compensation, liability insurance, timing of payments, contact for billing, timing of work and contingencies. Morrison will get information from his architect and Trono will review UVM's policy.

Other business: Mack recommended review of the accounts of the Trustees of Public funds, and it was agreed to have a work session to do so. The work session was held at the Town Hall at 3 p.m. on January 10, 2014, with Trustees Dorrice Hammer and Ed Stone and all three Town Auditors. There has not been a third Trustee since the resignation of Heather Manning in July 2013. The Trustees are responsible for five Trusts set up by individuals for specific purposes. The largest is the Page Trust with \$402,590 invested as of June 30, 2013. The other four range in size from \$2,000 to \$6,000. None of the principal can be spent; income is distributed annually to the Grandview Cemetery, CCS Library and Barber Cemetery. Hammer presented the Wells Fargo statements and fund statements and the check book used by the Trustees. She has written all of the checks for the last 20 years, usually no more than three or four checks a year. Manning, during her 10 years as Trustee, wrote the Trustees' annual report and kept track of the investments and the amount of income available to distribute. In most years, Manning was paid \$100 from the Page Trust for this bookkeeping service. Investments have been in the same funds with no changes for a number of years; Stone said no changes have been made in the three years that he has been a Trustee. Previous Trustees Frank Thornton, Rod Dolliver and Fred Anderson were more involved in actual investment decisions. Prior to the current management through Wells Fargo, the investments were handled by AG Edwards.

Next meeting: Mack agreed to organize the work session with the Trustees of Public Funds. No additional meeting date was set.

Motion was made to adjourn at 4:15 p.m., all in favor.

## **ANNUAL REPORT OF THE CHARLOTTE TOWN AUDITORS**

For Fiscal Year 2013

We have reviewed the final report by Independent Auditor Batchelder Associates, P.C., for the Town of Charlotte's fiscal year ended June 30, 2013. In our opinion, in most respects, the financial statements prepared by them and included in this Town Report present fairly the financial position of the Town as of June 30, 2013, and the results of its operations for the year then ended. The financial statements are the responsibility of the Selectboard. Our responsibility as elected auditors is to express an opinion on the statements based on our review of the professional audit, discussions with the Selectboard and Town Treasurer, and review of accounting practices.

The one area of the audited statements that may need correction has to do with the capital assets of the Town. The Independent Auditor made several changes from prior years in the identification of the various funds. Most notable is the Thompson's Point Wastewater Fund, which for the first time is identified as a Proprietary Fund - Enterprise Fund (see exhibits F, G and H on pages 15-17 of the audited statements). In restating the assets of

this fund, the original \$1,500,000 investment in the distribution and collections systems was subtracted from the value before depreciation of the buildings/improvements category of assets owned by the Town. (See Note V on pages 31-32 of the audited statements.) The remaining \$355,167 would not seem to be enough for the original cost of all the Town buildings, including the Town Hall, Library and Senior Center. Also, the category of assets formerly identified as equipment included the \$380,000 expended for a pumper truck during FY2004. In the current statements, this category was renamed “furniture,” and a new category called “vehicles” was established including only the \$405,000 spent last year on the heavy rescue truck. The pumper truck should be included in this category. We recommend that the assets categories and lists of capital assets be reviewed, updated and corrected as needed before the end of FY2014.

We have also reviewed the final report by Independent Auditor Batchelder Associates, P.C., for the fiscal year ended June 30, 2013, of Charlotte Volunteer Fire and Rescue Services (CVFRS). As elected Town Auditors, we have no authority over the audit of the finances of CVFRS, which is a nonprofit corporation separate from the Town. Therefore, we are not expressing an opinion about the audit. However, since most of the revenues of CVFRS are Town funds approved annually at Town Meeting, we believe it is appropriate that elected officials and residents have access to CVFRS financial information through the annual Town Report and monthly financial statements, including transaction detail reports.

In addition to reviewing the annual independent audits of the Town, the elected auditors have a role in examining financial policies and internal controls of the various departments of the Town and identifying areas that need improvement. Of particular note, we have recommended to the Selectboard the establishment of a formal purchasing and contracts policy. Our work plan for the coming year includes a continuation of this review and development of recommendations as needed.

Agendas and meeting minutes of the Board of Auditors, as well as the annual audit reports, are posted on the Auditors’ page on the Town website at [www.charlottevt.org](http://www.charlottevt.org).

Charlotte Town Auditors  
Nancy Wood, Chair  
Robert Mack  
Peter Trono

*Minutes approved at the March 17, 2014 meeting.*