

**CHARLOTTE TOWN AUDITORS**  
**Minutes of the Monday, October 7, 2013, Meeting**  
**At the Charlotte Town Hall**

Present: Town Auditors Robert Mack, Peter Trono, Nancy Wood (chair)  
Others: Selectboard Chair Charles Russell, Town Treasurer Mary Mead, Moe Harvey

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

The minutes of the September 16, 2013, meeting were discussed. Peter Trono said he did not believe the minutes were complete because they did not include a discussion that continued after adjournment after he had left the Town Hall. Robert Mack and Nancy Wood had remained to look at an invoice that had been mentioned during the meeting, submitted to the Town by Rice Lumber instead of to Peter Denton, the contractor doing work on the Town Hall windows. The invoice had been paid with Selectboard authorization with no one noticing that it should have been part of the Denton contract. No changes were made to the meeting minutes, and on a motion by Mack, seconded by Trono, they were approved on a vote of 2-1, with Trono voting no.

The first draft of the 2013 Town Audit Report was reviewed in preparation for meeting with Bonnie Batchelder of Batchelder Associates PC and the Selectboard at 7 p.m. Wood commented that it is difficult to review this year because there are major changes in the format. Mary Mead said she had not looked at it enough detail yet to comment.

A list of questions and comments was developed to be asked at that time. Questions were:

1. Special Revenue Funds are mislabeled on Table of Contents and on the related statements.
2. Why is there no separate statement for the Conservation Fund?
3. On page 5, Year End Net Assets for 2012 doesn't agree with the 2012 Town Report page 90.
4. Related discrepancy in the MD&A, page 3.
5. In past years, the amount of the year end General Fund Balance allocated to reduce taxes for the next year has been indicated as reserved funds on the statement (see Exhibit III in 2012, the Combined Balance Sheet). For year end 2013, we believe the \$133,000 allocated for FY 2014 taxes should be shown as reserved on a Combined Balance Sheet with explanation in the MD&A and correction to Note IX to indicate that \$133,000 of the \$319,779 General Fund balance is restricted.
6. Page 31, and elsewhere: The only Fire & Rescue vehicle included in inventory is the new Heavy Rescue Truck. Should there be others?
7. Note IV, page 30: Table of Transfers In/Out is confusing. Should there be another column to clarify?
8. Why is Ski Fund included with the Conservation Fund? The Town is a fiscal agent for the Ski Fund, which is how it was identified in the past when included in

a table of Fiduciary-Agency Funds (page 42 of the 2012 Audit). There is an explanation about why the Thompson's Point Waste Water Operating and Sinking funds have been removed from that table, but it is unclear why the After School Ski Fund has been lumped with Conservation Fund, and also unclear where the Subdivision Escrow fund has gone.

9. Where is the HRA fund? It is a separate fund with its own bank account.
10. We don't understand where the Wastewater Fund 2012 restated balance of \$993,597 came from. Where/how was it accounted for on the 2012 statements?

Continued discussion of RFP/contract recommendations was deferred to the next meeting, set for 3 p.m. on Monday, October 21. It will be the major topic of discussion at that time.

On a motion of Trono, seconded by Mack, the meeting was adjourned until that evening, 7 p.m. joint meeting with the Selectboard.

The meeting was reconvened at 7 p.m. with all three Town Auditors present, and Selectboard members Charles Russell, Winslow Ladue, Ellie Russell and Lane Morrison. Absent was John Owen. Due to bad weather, Bonnie Batchelder did not attend, but will come on October 28. The two boards reviewed the draft Audit, including a second draft that has an expanded Schedule of Revenues, Expenditures and changes in Fund Balances – Budget and Actual, which was only in summary form in the first draft. A combined list of questions for Batchelder was developed, which is attached to these minutes.

The Town Auditors portion of the meeting was adjourned at 8:45 p.m.

*The minutes of the October 7, 2013, meeting were approved at the Monday, October 21, 2013, meeting.*

Letter from Dean Bloch, Selectboard Assistant, to Bonnie Batchelder:  
October 10, 2013

**Re: Review of Draft Audit Report for Year ended June 30, 2013**

Bonnie,

At its meeting on October 7, the Selectboard reviewed the draft audit report with Mary Mead and the elected auditors. The following questions were asked:

Page 3 (MD&A), 2<sup>nd</sup> paragraph—year ending balance doesn't tie into last year?

Page 3, 3<sup>rd</sup> paragraph under Financial Highlights—Town did not have a policy regarding maintaining an unassigned fund balance in 2013.

Page 4, 4<sup>th</sup> paragraph—last sentence—confirm.

Page 5, table—typo: “St. Charlotte”; also, 2012 Total net Assets not correct?

Page 6, table—items are grouped differently than the NEMRC general ledger.

Page 7, General Fund—not clear what is meant by “general fund expenditures and operating transfers”?

Page 7, General Fund—unrestricted balance was \$319,779—does this include the \$133,000 surplus that was returned to taxpayers?

Page 7 (& 21, 44-45, Special Revenue Funds—missing Conservation Commission? Thompson’s Point Wastewater Capital? Subdivision Escrow? HRA?

Page 8, Capital Assets—what comprises vehicles & equipment? Is depreciated considered? (in previous Town Report the total is net of depreciation). Consistent with last year? Aren’t there more vehicles? (This would seem to be just “heavy rescue”).

Page 12—should identify \$133,000? Also, Non Major Funds combines Conservation & Ski—seemingly not similar.

Page 13—charges and interest not divided for Conservation & Ski. Isn’t the Ski Fund more akin to the Tim Sorrell Fund? (Also page 22)

Page 16—where does \$993,597 come from?

Page 20, Note 1.A.—With regard to cemetery and library as component units—should we do anything differently? Should cemetery expenses be removed from the Selectboard warrant?

Page 24, next to last sentence—should we establish an allowance for uncollectible taxes receivable?

Page 26, #9—is the budget presented on the modified accrual basis?

Page 30, B—shouldn’t there be a negative value in the Reappraisal Fund column, and then eliminate the Reappraisal Fund row? Why is this different than page 46?

Page 31—where are the other vehicles? Buildings/improvements—don’t match with prior year?

Page 34, Note IX—should this mention \$133,000 returned to voters? If not here, where? Also, should there be a note about health insurance?

Page 39—what is HRA expense of \$10,336?

Management letter, 2<sup>nd</sup> paragraph, 2<sup>nd</sup> sentence—add “...changed during fiscal year ending June 30, 2013.”

3<sup>rd</sup> paragraph—which grant(s)?

Corrected and uncorrected misstatements—what statements were corrected?

Charge accounts—explain in more detail what evidence exists and what occurred.

Payroll—Mary said that paychecks are/were dated on pay date (we now have automatic deposit except for beach employees.

General Issues—Mary said the Ski Program does stand alone and is not consolidated with the Thompson Point Fund