

DRAFT - CHARLOTTE TOWN AUDITORS
Minutes of the Joint Meeting with the Selectboard to Review the Draft Audit of the Town
Monday, October 22, 6 p.m.
Location: Charlotte Town Hall

Present:

Town auditors Patrice Machavern, Chair, and Nancy Wood

Selectboard members Charles Russell, Chair, Winslow Ladue, Ed Stone, John Owen, Dennis Delaney

Also Town Treasurer Mary Mead, Selectboard Assistant Dean Bloch and Bonnie K. Batchelder, CPA, owner, Batchelder Associates, PC.

The Auditors' meeting was called to order at 6:10 p.m.

Bonnie Batchelder provided an overview of the draft audit conducted by her firm for the Town of Charlotte Fiscal Year 2012. She reported that there were no issues with the audit, and to the credit of Town Treasurer Mary Mead, the Town's books are in good order. Prior year recommendations have been done, including clearing of outstanding checks and putting all of the Town's Special Funds on the NEMRC system. None of the Town's funds has a deficit.

She pointed out that the Opinion Letter from her firm was not included in the Town Report for FY 2010, and that it should be for this year and in the future.

Accounting by Mead of the Charlotte Volunteer Fire & Rescue Services (CVFRS) accounts that are funded by the Town, which began on February 1, 2012, was integrated in NEMRC as part of the Town's General Fund. Batchelder assisted Mead in separating the accounts into a separate fund, recognizing that CVFRS is a separate entity from the Town. The Town General Fund statements will show one expense, the transfer of the Town's appropriation to CVFRS. CVFRS financial statements will detail the actual expenditures.

There was discussion about how this would change the approach that was used by the Selectboard in the budget for FY2013, which itemized in detail the budget for town-funded expenses for CVFRS. If only the full appropriation is listed in the Selectboard budget, it would be necessary for a separate CVFRS budget to be provided in the Town Report for taxpayers to see the details.

Opening balances for the Fire & Rescue account are still not final, pending completion of the CVFRS audit by Batchelder, which she expects to complete in two to three weeks. The final paperwork from CVFRS needed to finish the audit was given to her by Dean Bloch during the meeting.

Batchelder said that the year-end closing of Town accounts will work better in the future **by utilizing the feature in** NEMRC system that **allows** posting of items either to prior year or current year. Using this will make it clear which bills paid and revenues received shortly after year end were attributable to the prior fiscal year.

Batchelder pointed out that Thompson's Point accounting is the one thing that is still off line (ie, not on the NEMRC system). She said she would look into an accounting package that would make it possible to put the billing and receivables on NEMRC.

There was discussion about why the significant increase in Thompson's Point rents wasn't anticipated in the budget for FY 2012. Machavern suggested the Selectboard have a policy that

clarifies when the reappraisal of the properties should be completed in order to budget accurately. The Selectboard will ask the professional appraiser to attend a future meeting to discuss this.

Wood raised a related question about the significant overage in property taxes received (\$260,790), and how can the Selectboard set the tax rate more accurately each year? Machavern suggested that using a cash flow analysis for the period from July 1 until November 15 would be one helpful in determining how much to retain versus return to the taxpayers. Batchelder indicated that conducting a “prep audit” during June to assist Mead get the books reconciled so that the June 30 numbers are as close as possible to the final audited financial statements. This suggestion was favorably received. There was also some discussion about how much surplus should be left in the General Fund at the end of each year as a cushion to avoid a deficit in the following year as occurred in FY2011. No specific dollar amount or percentage was decided on.

Russell questioned the HRA transfer of \$40,000 that is included in revenues on Schedule 1, page 31. Due to general confusion about how this could be revenue, Batchelder said she will reconsider how to present this on the statement.

In response to several other comments offered by Wood prior to the meeting, Batchelder said that the balance sheet would be revised to include a line indicating how much of the General Fund balance (surplus) was reserved to reduce property taxes (\$395,000 of the \$588,128 balance), and would separate the Highway account from the General Fund. Not discussed, so unsure of resolution, was the request to include budget figures on Schedule 1 for the revenue from Current Use and PILOT.

All recommendations on page 44 and 45 of the Draft Report were reviewed. There was further discussion on Item 5 recommending that the Town should be responsible for the entire accounting process for CVFRS. Batchelder is going to remove this recommendation from this Report and instead include it in the CVFRS audit report.

The Town Auditors Meeting was adjourned at 7:10 pm.

Respectfully submitted,
Nancy Wood, Secretary
October 23, 2012