

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.

Charlotte Town Auditors
Nancy Wood, Chair
Robert Mack
Peter Trono