

Grand Isle Select Board
Minutes of the Meeting for
Monday, May 2nd, 2022 at 6:00pm at Grand Isle Town Office and via Zoom

I. CALL TO ORDER

Board Members Present: Adam White – Chair; Josie Leavitt – Vice-Chair; Couper Shaw; Jeff Parizo; Eric Godin

Community Members Present: Jean Prouty; Linda Effel; Randy Gover; Susan Lawrence; Esther Blow; Mitchel Richardson; Mary Parizo; Joe Longo; Lucille Campbell; Bianca Adams; Ron Bushway; Collen Bushway; Andy Paradee; Ron Smith; Sue Moquin; Rachael Griggs; Emily Clark; Denise Abbott-Douglass; AnnaMarie DeMars; Melissa Boutin; Mr and Mrs. Picard; Ellen Paradee; Samantha Smith; Kristina Botala; John Lafayette; Tonya Poutry; Diane Cota; Cathleen Dubuque; Mike Donoghue; Shannon Bundy

Board Members to Amend Agenda for Matters Not Listed:

Emily Clark says that the ARPA standard allowance was completed as an update. Adam White says that he will put a folder in the vault with all the information.

Linda Effel asks for name spelling correction on the previous meeting minutes. Adam White says the updates have been submitted.

II. GUEST OPEN COMMENT

RHR Smith Draft FY21 Audit: Adam White says that Ron Smith from RHR Smith is here to answer questions about the FY21 audit. Ron Smith says that he would like to summarize the audit results and possible updates first, and then will move on to questions. Ron Smith goes over the auditor's opinion, which would summarize any issues found with the town's financials. Ron goes on to summarize the findings of the audit. Link to the video/audio of meeting below. Questions and answers will be summarized.

(Watch full meeting here:

<https://www.dropbox.com/s/uk8fwsn4sbix861/video1580788228.mp4?dl=0>)

Ron says that the town should have 30/60/90 days of operating funds on hand at any one time, and says that the town currently has about 40 days of operating funds on hand.

Ron says that there was \$70,000 budgeted to lower the tax rate which was not applied, so it was re-designated for the year 2022. Jeff Parizo asks if the money was budgeted for 2021, what happens to it. Ron answers that it rolls over into the general fund.

Ron raises concerns about the budgeting for the Batchelder audit, saying that the cost will drop the town below one month of operating costs. There is discussion about using ARPA funds to pay for the Batchelder audit. Ron expresses concerns about the use of federal funds in that fashion. There is discussion about how the statutes apply to ARPA, and whether the Board has the authority to use the money per statute or not.

Jeff Parizo asks why these concerns aren't listed in the audit. It is pointed out that the

draft numbers are as of June 30th, and the Batchelder audit wasn't approved until September. Ron Smith points out that if the town falls below 30 days of operating costs, it could have negative impact on the town's ability to borrow money. Jeff Parizo had asked why statement A and statement C are different. Ron Smith says that page 16 is a reconciliation statement that makes statements A and C work together. Jeff had asked a question about the town's CD. Samantha points out that the CD's are listed in a few different places within the audit, depending on what the CD applied to. Ron Smith states that the due to due from list will summarize all of the CD's. Josie Leavitt asks what 'restricted' means. Ron says that restricted comprises all the money the town is obligated to use for.

Jeff asks what internal controls the town should have in place. Ron Smith says that the town does have internal controls, saying that state statute dictates what the controls are, but says the town should have policies that work with the statutes to keep the town in the best position. Ron says that the statutes were written based on experience from other municipalities, and the town should have policies that help tailor the guidelines to Grand Isle's needs.

Jeff asks if there were any bills over 30 days past due. Sam answers that there were not, and Ron says that even if there were, those would not have been tested.

Jeff asks if RHR Smith came up to the town office to gather info. Ron answers that they always come up to Grand Isle, but were late during COVID due to the state restrictions.

Josie asks how many days they were in Grand Isle. Ron answers 2 days. Adam asks if the town sends any documentation to RHR Smith prior to their site visit. Samantha answers that their firm will send a list of electronic documents that can easily be scanned and submitted via secure link. Sam says that by the end of the on-site visit, they hope to sit down with the town treasurer to address any comments or concerns.

Jeff asks if this is how the auditing firm confirms the town's numbers. Samantha answers that it is. Adam asks if RHR Smith reaches out to the banks the town deals with. Ron answers that they do reach out to banks as well as look at bank statements.

Jeff asks if RHR Smith checked the town's payroll for any discrepancies. Samantha confirms that they audit the paychecks and everything looked good for Grand Isle.

Jeff mentions that the audit shows a general fund balance of \$215,012 and mentions that the general fund balance in the town report is showing as -\$421,000 and inquires as to the difference. Jeff asks if that is a correction using the due to/from list. Melissa explains that the number isn't the general fund balance, but is the summary of all the changes to the due to/from accounts over the course of the year. Jeff asks if those changes are reflected in the audit. Samantha answers that it was.

Jeff asks about the audits reported CD amount of \$412,000, and Samantha answers that the number reflects all of the CD's the town of Grand Isle has. Jeff asks why the amount listed under 'interest' is higher than what was budgeted. Samantha said that there had been an error in RHR Smith's calculation and that in the finalized draft copy, that column had been eliminated. Melissa explains that it is now listed under the autocar payment, which was coming from the transfer station fund. Melissa says that this wasn't budgeted for, as the funds were coming from a special reserve fund specifically for that issue. Jeff asks if the \$350,000 CD being rolled back into the general fund. Ron Smith

says that the closeout happened after the close of the previous year, so it would not be reflected, but their firm did confirm that it had been closed out. Samantha says they can provide a paper trail showing the status of that CD. Jeff then says that the 2020 assigned fund in the 21 audit is \$95,000 while last year was \$172,000, and asks if everything carried over correctly. Samantha says that it did carry over correctly, saying if you look at the finalized draft from 2020, that number had been adjusted to \$95,000. Adam White asks if the Select Board needs to sign off on the draft audit. Ron Smith says that they do, but there needs to be a conversation about how the \$60,000 will be budgeted first. Ron says that Bonnie Batchelder has reached out to him and he needs the town's permission to speak with Bonnie about the town's finances. Ron Smith says that he has seen some emails that were forwarded to him that he feels are saying his firm is 'dirty' and he has a problem with that. Ron goes on to say that the RFP the town had put out was for a best practices audit, and that somehow morphed into a larger audit that will cost the town \$60,000. Adam White says he does have a letter in front of him that would allow RHR Smith to work with Batchelder. ***Josie Leavitt moves to approve the authorization letter for RHR Smith to talk to Batchelder and associates. Jeff Parizo seconds. No discussion. Adam calls the vote, which passes unanimously.*** Adam turns the questions over to the public.

Mitchel Richardson asks why the town treasurer spoke with RHR Smith first about the information rather than bringing it to the Select Board and the public. After discussion it is determined that her contacting RHR Smith is well within her purview as part of the general auditing process. Mitchel then asks if per RHR Smith's opinion, everything is on the up and up in Grand Isle. Ron says that given the town is opting to spend \$60,000 of money he thinks the Board doesn't have the authority to spend, he is not saying that everything is okay in the town. Jeff acknowledges that the prior Board did not budget for the audit, but says the town is still obligated to pay Ms. Batchelder, and questions why the town treasurer only brought it up to RHR Smith a week ago. Ron Smith says the contract was only recently received that indicated the full scope of the audit. There is further discussion about whether the town is authorized to use money without voter authorization. Emily Clark points out that RHR Smith was one of the firms that responded to the initial RFP for auditing services. Ron Smith says that both RFP's his firm received were for a 'best practices audit', and the scope of that has turned into auditing his firms audits for the previous three years. Ron says that he will be glad to provide all the email chains that lead up to the RFP, and the scope of the audit changed. Ron goes on to say that a financial statements audit is about \$50,000 more expensive than a best practices audit, and feels the voters of the town should be involved in making the decision to spend that kind of money. Emily points out that the difference between best practices and financial statements audits is probably why RHR Smith's response to the RFP came in so much lower than Batchelder's quote. There is further discussion about whether the Board has the power to spend this money without voter input and the reasons behind the need for an audit. Ellen Paradee asks what internal controls the town has, with Ron Bushway citing that in the past there had been a book of all the outstanding invoices listed on the warrants. Adam White says that the Board is planning to engage VLCT to have someone come out and evaluate the town's best

practices to make sure we have the gold standard for internal controls. Ron Smith says to just be careful using ARPA funds, as there are usually strings attached with federal money. Couper Shaw points out that the ARPA funds weren't even a finalized thing until recently. Mitchel Richardson asks about the status of the CD's. Samantha summarizes all the currently open CD's and says that those have been on the financial statements for a long time. Mitchel then asks if there are any current general fund CD's. Samantha says that the general fund CD was closed almost a year ago. Diane Cota points out that using ARPA funds had been discussed, but never chosen as a final option.

III. REVIEW AND APPROVE MINUTES OF APRIL 18TH, 2022

Adam notes that he has sent corrections on name spelling from the last meeting. Colleen Bushway asks that full names be used in the minutes. **Jeff Parizo moves to approve the minutes of April 18th, 2022 with corrections. Josie Leavitt seconds. No further discussion. Adam calls the vote, which passes unanimously.**

IV. HIGHWAY DEPARTMENT / BUILDING FACILITIES MANAGER UPDATE

Ron Bushway says that the town is having issues with the town culverts getting plugged due to the high wind and the high lake level. Ron says the winds have also been taking down a lot of tree limbs, and the highway department is in the process of patching the roads. Ron says that the water has been turned on at the old log cabin. Adam brings up that this weekend is green up day, and asks Ron to coordinate with the transfer station employees to make sure everyone is on the same page. Denise Abbott-Douglas says that someone should contact the state of Vermont regarding a beaver dam near the intersection with route 2. Jeff Parizo says that he had made the state aware of it a few months prior. Ron says that Pest Pro will be doing their snake and wasp treatment on May 16th. Adam asks Ron if he has contacted DC energy about the electrical panel in the fire station. Ron says that he has. Jeff Parizo asks fire warden Ron Bushway about burn permits and what the fire warning level was. Ron says that all fire permits issued this past week were conditional on fires being monitored and having available water.

V. NEW BUSINESS

Road Survey: Jeff Parizo says that VLCT has done the traffic survey and are reviewing the data. Adam White says that the surveys were performed around Christmas week and New Years week, noting that these are the least busy times of the year. Adam says that he provided the report to Sheriff Ray Allen, noting that the Sheriff has recommended that most town roads be set at 35mph, with a few roads being lower. There is discussion about future development in the town along Pearl Street and Reynolds Road. There is limited discussion of impact fees and what they entail, with it being said that this would be discussed further at a later date.

EMP Adoption/NIMS Adoption: Adam White says that the Emergency Management Plan and the National Incident Management System need to be approved, noting that there have been no real changes from the original document supplied by Bill Baron. **Jeff Parizo moves to approve the Emergency Management Plan for 2022. Eric Godin seconds.** Denise Abbott-Douglass brings up that there have been severe weather

incidents, including tornado warnings, and has concerns about how that information will be gotten out to townspeople, particularly people who don't have smartphones or computers. There is discussion about the use of VT alerts as a system to get information out to residents, as well as the limitations of the system. Adam White says he will ask Bill Baron about options. ***Adam White calls the vote, which passes unanimously. Jeff Parizo moves to adopt NIMS. Josie Leavitt seconds. No discussion. Adam calls the vote, which passes unanimously.***

Q3 Financial Discussion: Adam White says that the Board has received the Q3 financial paperwork. Adam says that the equipment budget for the transfer station is listed as \$5,000 but is showing an actual amount of just over \$30,000. Melissa states that the \$30,000 was for the payoff of the autocar. Adam then asks about the \$10,000 allocated to remove ash trees infected by the emerald ash borer. Melissa responds that those funds have not yet been spent. Adam asks if that money is planned to be spent during this fiscal year. Ron says that spending the money is dependent on having the trees in the right of way marked for removal. Josie Leavitt says that there are members of the EAB task force who would be willing to survey the trees in the right of way. Jeff Parizo points out that the fiscal year ends in two months, and asks if there is enough time to spend the money. Jeff points out that Vermont Electric Co-Op has sent an email to the town saying that they had exhausted their budget this year already, which indicates there are a large quantity of trees to be removed.

Adam says that the IT budget for the town was \$5,000 and says that by the end of January we had already spent over \$2,000. Adam notes that Couper Shaw is going to be reaching out to contractor's to handle the town's IT needs and will bring his findings to a future Board meeting. Adam goes on to say that the town's legal bill was budgeted for \$15,000, with the town having spent just over \$7,000, with most of that money going to the 6 Sloop Rd issue. Adam asks Melissa Boutin to explain the fund balance for the highway department. Melissa says that this figure represents what the fund balance is as of right now, before anything else is spent. 'Use of fund balance' pertains to prior years use of highway funds. Melissa states the fund balance will fluctuate, as the highway department does all of it's large projects in the fourth quarter. Melissa Boutin says that the third property tax payment has come in and over \$2 million needs to be sent to the schools, with another \$750,000 going to the state for education purposes.

May 17th Vote Info Letter: Adam says that on May 17th, there will be a vote with 1 item to ratify the vote. Adam says that the wording of the one article comes directly from the statutes. Adam says that the Select Board cannot advocate one way or another, but feels that information should be given to the town residents. Adam summarizes the errors in the original town warning that led to needing this ratification vote. The issues were:

The Highway Budget was initially warned incorrectly as \$514,000 on the initial warning. This error was discovered and corrected to reflect the accurate budget of \$554,000 on an updated warning

On the January 27th warning, there is reference to a meeting on February 26th, 2022 to go over the warning. The words 'Public Information Hearing' were not used, as legally required.

If the town does not have elected auditor's, it is required that the Select Board to notify voters of the availability of the auditor's report 30 days prior to the meeting. The town of Grand Isle only made this notification 10 days prior to town meeting.

Adam White notes that all articles passed by significant margins. Adam then asks the Board what kind of outreach should be made. Josie Leavitt says that she has been doing a lot of explaining to people about the articles, as the wording is confusing. Josie goes on to say that she feels our efforts are hindered because there is no clear guidelines on what would happen if a majority of voters voted 'no'. Adam White says he feels the main issue is laying out what the errors on the initial ballot were. Jeff Parizo indicates that the town attorney looked at the statute and said that we needed to take the issue to the public. Diane Cota says that given the flyer that was sent out to every Grand Isle resident, the Board should do the same to correct the information. There is discussion about how to get a letter into every resident's mailbox, with Josie Leavitt says there is an option at the post office to deliver to all residents that costs around \$300. Adam asks if there should be any wording describing what the different votes would result in. It is determined that Adam will reach out to the town attorney to see what kind of wording could be used to describe the outcomes of the vote. **Adam White moves to take the drafted letter regarding the vote and forward to the town attorney to see about additional wording on what a 'yes' vote would be for clarification for the voters. From there the letter will be provided to the Board members to execute, and will then be mailed to all residences in Grand Isle. Couper Shaw seconds.** Mitchel asks for clarification on the letter that Grand Isle residents received regarding the vote. Adam states that the Board doesn't have a copy of the letter, and that it was sent from two private citizens of Grand Isle to all Grand Isle residences. Shannon Bundy says that mailing info out in this fashion will set a precedent to continue sending out mailings. Denise Abbott-Douglass says she feels it would be reckless to say that a 'no' vote won't affect the outcome of the election, given that there is no information about what would happen in case of such a vote. Eric Godin says he agrees with Denise, and that sending out a letter with a clear explanation of a 'yes' vote, but with no information on a 'no' vote, could be construed as the Board taking a position on how to vote. Josie Leavitt and Couper Shaw agree. It is agreed to continue with sending the letter to the attorney to look into possible wording that could be used. Mitchel Richardson says that the Board should not say that the improper warning did not affect voter turnout. Shannon Bundy says she feels that any language speaking about what a 'yes' or 'no' vote should be rescinded. There is discussion about whether a special meeting is required, and it is determined that a special meeting would be required for the Board to approve the letter, regardless of changes. **Adam White calls the vote, which passes unanimously.**

May 16th Select Board Meeting: Adam White says that there is public hearing and a Select Board meeting on May 16th. Adam notes that you can't have them run at the

same time, but the Board meeting can start after the hearing. Adam says that the public hearing will take place at 6:00pm, with the Select Board meeting starting at 6:30pm.

VI. OLD BUSINESS

Audit Update: Adam White mentions that there have been hundreds of documents that have been sent out, and notes that Batchelder and Associates have reached out to RHR Smith, and have indicated that a site visit is planned. Couper Shaw says that while a site visit is being planned, Ms. Batchelder has stated that our audit may be put behind some other audits she is working on. Adam points out that some of the documents requested of the town treasurer were requests for RHR Smith. There is discussion about the various documents that have already been uploaded and what is still to come. Melissa Boutin says she is waiting on an updated list of requested documents after the most recent uploads. Couper Shaw runs through the list of documents, saying nearly everything has been cleaned up, and a new updated list of requested documents is required to continue. It is agreed that Jeff Parizo will reach out to Batchelder and Associates to get an updated list of information that is needed. There is discussion about past conversations between Batchelder and Associates and the town clerk and what has caused delays. Josie Leavitt says she would like the audit updates to just move forward, rather than litigating everything that has happened in the past.

Needle Disposal: Ron Bushway notes that there was a letter about putting sharps containers at MaryCrest Beach and other places to help dispose of used needles. Ron says that in a conversation with the Sheriff, he was told to put needles in a soda bottle and discard, which is echoed by the Department of Health, saying to put needles in hard plastic containers taped shut with a note on that says 'Do Not Recycle' and throw in the trash. Ron says that the state is also concerned about people getting ticks while working on cleanup day. Melissa notes that the resident who submitted the letter would like a response.

VII. REVIEW AND APPROVE WARRANTS

Jeff Parizo moves to have the Select Board Chair sign the warrants. Couper seconds. No further discussion. Adam calls the vote, which passes unanimously.

VIII. ADJOURNMENT

Eric Godin moves to adjourn the meeting at 8:47pm, Couper Shaw seconds. No further discussion. Adam calls the vote, which passes unanimously.

Select Board Scribe: _____
Eric Godin

Select Board Chair: _____
Adam White