

**MINUTES**  
**SELECT BOARD MEETING**  
**TOWN OF COVENTRY**

**Wednesday December 28<sup>th</sup>, 2016 at 5:00 p.m.**

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**Board Members Present:**

Michael Marcotte / Chairman; Bradley Maxwell; Scott Morley

**Town Officials Present:**

David Gallup/ Road Commissioner; Amanda Carlson/Select Board Clerk

**Guests:**

Jeff Graham; Jeanne Desrochers; Barry Allen; Alana Sargent

**Press:**

Elizabeth Trail / Barton Chronicle; Ed Barber / Newport Daily Express;  
Robin Smith / Orleans County Record

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1. **Mike Marcotte called the meeting to order at 5:00 p.m.**
  
2. **Approve the minutes of the December 19<sup>th</sup>, 2016 meeting**
  - Bradley Maxwell made the motion to approve the minutes of the December 19<sup>th</sup>, 2016 meeting.
  - Seconded by Scott Morley. The Board signed and approved the minutes as written.
  
3. **Allow for public comment**
  - No public comment.
  
4. **Select Board PO Box**
  - The Board granted unanimous authority for Mike Marcotte to open a post office box for all Select Board mail.
  - Mike was given an application form to fill out and a check was included in the payables to be approved to prepay for 6 months of post office box service and a deposit on two keys.
  - Once the Treasurer has signed the check, Mike will bring the application to the Post Office and confirm the new mailing address with the Board.

## 5. **SWIP Grant**

- The Agency of Natural Resources presents grant opportunities for municipalities to assist with the cost of the mandated household hazardous waste days and tire collection events.
- Amanda Carlson informed the Board that the Town spent approximately \$6200 on the cost of the spring and fall household hazardous waste events arranged by the landfill in 2016.
- The Board agreed unanimously to allow Amanda Carlson to apply for the 2017 SWIP grant to assist with the cost of the upcoming events.

## 6. **VLCT Claim Update**

- Scott Morley reported that he met with Kelly Kindestin from the VLCT, the previous Wednesday December 21 at the Coventry Town Office. Jeff Graham and Amanda Carlson also attended the meeting.
- The claim will be revised and updated using a worksheet to identify all previous years and potential losses occurred. For all years where losses were not reported by previous auditors, a review of the Grand list and tax rate will be compared to deposits made to the bank.
- Jeff Graham will perform the investigational work after the financial audit for the Town is completed. Scott Morley stated that the Board will be cautious to monitor that the research does not end up costing more than the money recovered.
- Kelly Kindestin had stated that the Town and the Treasurer are currently still covered under the VLCT – PACIF insurance until further investigation is completed.

## 7. **2017/2018 Budget Discussion**

- Scott Morley requested the Board allow him to work with Amber Baker from NEMRC and Amanda Carlson on the 2016/2017 budget for Town Report.
- The Board agreed unanimously to allow Scott Morley to work on the budget set up with Amber and Amanda and will review the progress in the next couple of weeks.

## 8. **Delinquent tax report requested from Delinquent Tax Collector. Report to include outstanding delinquent taxes due for all prior fiscal years.**

- The Treasurer provided the Board with the 2016 delinquent tax reports. No prior years were evident on the report. The Treasurer was not present to comment.
- The Board stated that they would still like to see detail on when the payments had been made and all source documents that accompany payments to verify with the income report.
- Scott Morley stated that he spoke with the Treasurer regarding last week's report which stated "no change in delinquent taxes"; however, the Board noticed a payment listed on the income report. The Treasurer stated that it was an oversight on her part and payments were reflected in this week's report to the Board.

#### **9. Request Treasurer's report to include detailed list of Town revenue for preceding calendar week**

- The Treasurer provided the Board with an income report for the previous week that did not include source documents for deposits made. The Treasurer was not present to comment.
- Scott Morley stated he has had conversations with the Treasurer requesting these source documents on multiple occasions.
- The source documents are required for the yearly audit and if they are not provided from the Treasurer then the Board will need to request directly from the Community National Bank.

#### **10. Update on bank account signing authority**

- Forms to authorize Brad Maxwell as a third signatory on checks has not been signed by the Treasurer. Scott Morley stated that when presented with the forms last week, Cynthia Diaz called the Community National Bank to verify. She was unable to speak with anyone and declined to sign until she did.
- Mike Marcotte stated he spoke with the Treasurer after this and clarified to her that the checks would continue to be signed by herself and one board member and that the third signature was only to be used in the absence of one Board member. The Treasurer was provided with a copy of the minutes reflecting this internal policy.
- The signing authority forms from the Community National Bank were left with the Treasurer to be signed. The Board granted Scott Morley unanimous authority to take the forms to the bank after signed by Cynthia Diaz along with a copy of the meeting minutes stating that the Board unanimously decided to have dual signatures on all checks.

#### **11. Graham update**

- Jeff Graham presented the Board with a copy of the draft 2015/2016 financial audit for review.
- The audit report is still in draft format as final amounts need to be adjusted based on responses from tax payers confirming amounts paid.
- Transfers to restricted funds also need to be completed. The 2015/16 year will require a transfer of \$859,200 into several restricted funds.
- Jeff stated the Board will need to provide the value on the gravel pit and an inventory on materials used.
- Jeff noted that there is approximately \$39,000 in receivables which reflects the difference in what was paid to the school versus what was collected from taxpayers.
- The audit report presented by Jeff Graham contains Management Reports and opinion letters that will be presented to the tax payers in the annual town report.
- Jeff Graham stated that the financial position of the Town is very strong; however, the Town lacks internal control measures. The set-up of accounts and allocations of monies is acceptable.

- Jeff noted that any lack of monies is due to lack of internal controls. He noted that the measures the Board has taken over the last few months have been positive. Jeff stated that the current Treasurer is the current and continued problem. The Treasurer fails to produce start-to-finish source documents for transactions, this missing piece creates the huge hole in financial records. The Treasurer's office had no complete records to audit. All source documents were needed to be obtained from third party sources. Until the internal set up is changed then the Town will not pass an audit.
- Jeff Graham noted that the lack of internal controls and issues with payments has not changed in the last year. Problems continue to be evident with the current year's taxes. Checks are still being held and not deposited in a timely manner.
- The Board asked Jeff Graham his opinion on the electronic check machine and if it was in the Town's best interest to continue its use. Jeff stated his opinion that it provides no excuse as to why checks are not deposited. The machine enables daily transactions and instant deposit and there is a lot of forensic value in having the check scanning machine available to the Treasurer.
- The Board questioned the VLCT recommendation to implement a 'no cash' policy in the office. There are other Towns that have adopted this policy; however, the Board feels it is a drastic step forward. Jeff Graham stated that he is the fourth person to document and report a problem with cash with the current Treasurer. He feels that based on the years' of documented problems that the Board should have the authority to move forward with this policy.
- Should the Board decide to implement a cashless office, they would need to ensure all residents are notified and make the statement that if the Board can not verify a deposit then taxes would not be considered paid.
- Jeff Graham reported that in his testing of expenses that in November 2015 the Treasurer was registered for, and attended a VLCT seminar on compliance during financial audits. This shows the Treasurer's desire to be educated and informed on the proper procedures for Town officials.

## **12. Financial Policies**

- Scott Morley stated that in discussions with the Treasurer, she is unwilling to sign any of the policies.
- Brad Maxwell made the motion to adopt the following financial policies with the amendment that Mike Marcotte note the Treasurer refused to sign:  
*Balanced Budget Policy; Reserve Fund Balance Policy; Trustees of Public Funds Investment Policy; Capital Program & Budget Policy.*
- Motion seconded by Scott Morley.
- The four policies were signed by the Select Board and the Select Board Clerk.

### 13. Sign Orders

Accounts Payable	12/28/16	\$ 37,293.37
Payroll	Week ending December 24, 2016	\$ 2,905.57
<b>Signed by the Board for the Treasurer to draw checks totaling</b>		<b>\$ 40,198.94</b>

### 14. Other Business

- Scott Morley was questioned about the status of the State Police investigation and reported that there were no updates at this time.
- The Civil Lawsuit initiated from the Board by Attorney Paul Gillies was scheduled at the courthouse the Following day, Thursday December 29, 2016 at 9:30 a.m.
- Scott Morley rescinded his resignation from the Select Board. Scott will remain on the Coventry Select Board for the remainder of his three year elected term.

### 15. Meeting adjourned at 7:32 p.m.

The next meeting is scheduled for Monday January 2, 2017 at 5:00 p.m.

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Michael Marcotte / Chairman

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Bradley Maxwell

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Scott Morley

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Amanda Carlson / Select Board Clerk