

ST. GEORGE SELECT BOARD & ASSESSORS

St. George Town Office

Meeting Minutes

August 9, 2021 – p.m.

The Select Board meeting was called to order at 7:01 p.m. in person. Members present were: Richard Bates, Chair; Randy Elwell, Jerry Hall, Wayne Sawyer, and Tammy Willey. Also present: Irene Ames, Susie Ellis, Chris Williamson, and Fred Brewer.

PUBLIC COMMENTS: None.

REGULAR SESSION:

- Adjustments to Agenda: The following adjustment was made:

- FY'20 Audit by Frederick Brewer was moved from Old Business and taken up under Regular Session

FY'20 Audit by Frederick "Fred" Brewer: Fred Brewer was present, in person, to review the FY'20 Audit with the Select Board and to answer previous questions that included Brewer's representational letter, the cryptic comments and bullet points written in the audit, the financial consolidation of the audit between the school (MSU 13) and the town.

Selectperson Hall explained he had had issues with Brewer's representational letter; but after reviewing it again, he believed that some of the things Brewer put in were prompts for the Select Board to fill in if the items were appropriate and to take out if they were not. Brewer stated that was correct.

Selectperson Hall: I was quite upset last year that we didn't have a stand-alone audit of the municipal operations. From our discussions, I said I would sign off on the representational letter, but I thought we would get a stand-alone audit this year but if there needed to be a consolidated audit as well, then okay. There isn't a separate municipal one this year, so I am thinking, what happened?

Selectperson Hall: I think we concluded that we should go ahead and publish our town report with a consolidated audit and get things moving, but I think it is important for us to see that audit on the municipal operations, specifically. The audit lays things out very nicely. It is very clear. It goes through all the sections, but there is hardly a display that I can look at without it being, and I use the term advisedly, contaminated with school information.

Brewer: With that being said, do you want me to prepare something that would be rather internal for discussion purposes for management? We could just do a document that is just the town and cut out a lot of the school information so it would be a lot smaller.

Hall: Yes. I can't tell how much of the notes deal with both the town and the school but there are pages and pages of things that apply only to the school.

Brewer: Yes. A lot of the Maine PERs info which is half of the footnote is all related to the school and the teacher's pensions.

Hall: Right. So, it becomes a much simpler document just for the municipal operations.

Brewer: I can do that.

Hall: That would be my vote. There is a separate issue we can further research and debate. We do not have anything to do with the governance of the school, and that it is set up according to the Charter. And the School Administrative ordinance in the town of St. George deals with it as separate governance.

Hall: Basically, the school is required to submit their budget to the Select Board, so the Select Board knows how much tax to appropriate, but we do not approve it. From a state statute point of view, maybe that is the way it is supposed to work, and if a consolidated audit has been judged to be necessary by people who know more about this than me, then certainly we should have it and have the document available.

Chair Bates contacted Mike Felton about the audit issue. Felton gave Bates several names of towns to contact. Bates stated that Vinalhaven has an audit of the municipality without the school included. Bates: But the state law requires the audit to be consolidated. The town has to do that. The only question is how useful is that when we, as the Select Board, are trying to understand that the operations are going correctly?

Hall: Does it have to be? It seems inappropriate to put the combined audit in the town report. Does the town report deal with anything about the school other than the audit?

Chair Bates read the state statute. "The annual report shall contain a record of all financial transactions of the municipality."

There was a discussion on how you define municipality. Bates noted the way the town organization was set up, involved everything because the school, from the point of view of an organization, was a department of the municipality.

Brewer: Sometimes it is hard with the school because they have their own set of governance (School Board), and they follow what the Department of Education rules are for managing their funds. Take the Fire Department. They are a department of the town, but they do not have a separate Board that is controlling their operations. They just present you with their bills and you pay them. What most people struggle with is that once you ask the taxpayer for money for the school, it stays with the school. If the school does not spend all their money allocated to them, the town cannot take it back or use it to reduce taxes the next year.

Chair Bates noted this was a frustration echoed by a Select Board member from another town who said their sole engagement was they send the school a check every month, and then they have to sign off that they agree to raise the taxes for next year.

Selectperson Elwell asked if the audit was supposed to be combined by law, could the Select Board get a separate, unofficial document to review? Budget Committee Chair Ellis liked that suggestion. Chair Bates felt for clarity purposes, having an audit of just what happened "under this roof," would help.

Brewer explained he referred to page 74 of the audit and said that was what he used for the basis for all the information going forward, the revenue and expenses. Brewer explained the PERS financial information would all go away when he took the school out and did the separate document. Hall noted there was a lot about the pensions and asked if there was something they were not paying attention to. Brewer thought it distorted how most towns thought of their financial performance.

Brewer: I can see why you want that. You want to see how you did. "At the end of the day, what do we have in undesignated funds and how did we do relative to our budget? Those are the important things." I think that is one of the most important things, but I am bound by the Accounting Standards to present things.

It was decided by the Select Board that Brewer would write up another financial report then meet with Selectperson Hall, Chair Bates, Susy Ellis, Chris Williamson, and Rick Erb to go over the document.

The Select Board discussed the representation letter. Chair Bates suggested they have three representation letters. One for the internal audit, one for the school to sign, and one where the School Board and the Select Board review it together and both agree to sign it.

Finance Director Ames discussed the issue with the software system TRIO. "The school shows up within the town office."

Chair Bates, "I assume that is just a quirk in the way TRIO was set up when we had our own district. Could we change it, so it shows up in TRIO as an independent department like the Fire Department?"

Ames: I would like to see that. I get journal entries from the school to make, and it doesn't make sense to have the school show up as part of the town office. If I am making errors, I want to be able to see what errors I am making.

Ames: Almost all of the errors I found (at the end of the fiscal year) were the fact that the school is listed as part of the town, and I have made no entries whatsoever for any transactions that the school has made over the course of the year. The only thing we get is a list of entries from the auditor saying this is the result of all the transactions that the school has made, so you need to adjust your books, so they match. So, we are relying on the auditor who is auditing the school's books.

Brewer noted there was an account receivable for the town and an account receivable for the school (on TRIO). Hall asked why the town was carrying accounts payable for the school. Brewer stated because, on June 30, there was money that was owed by the school. Ames stated they have to keep a record that there is an account receivable for the school on TRIO. Brewer explained that at the end of the year, it ends up on the TRIO system and gets adjusted.

Chair Bates suggested that at the end of each financial year, Ames and Kilbride (from the school) get together, compare the financial records, and work out any issues before sending the report to the auditor.

Ames stated that she would like to set up the school so that it was not part of the town office but its separate department. Brewer said that was fine; they could have as many departments set up within the town as they wanted.

Select Board and Budget Committee questions for Brewer:

1. Does the town make use of derivative investments?

Brewer: No, derivatives are hedges against risk. They use it a lot with debt, in the oil industry.

2. Statement 84.

Brewer: That question is coming up in a lot of towns. The real issue with Statement 84 is the student activity funds and how they are dealt with.

3. Note F. Page 35.

Brewer: Signed for other purposes of education. That was their fund balance.

4. Note T. What happened with the prior year's liability?

Brewer: It was not recorded because of the Maine Retiree Teacher's Health Insurance. So, the Maine Employee's Benefit Health Trust determined that the liability needed to be recorded. We didn't have that in the prior year. It was a change in the rule.

Williamson: But the town is ultimately responsible for funding some of that.

Brewer: Most towns in the state of Maine do not fund health insurance after people retire from teaching. Retirees will go on Maine PERS and pick up their health insurance through them.

Hall asked if they could take out the cryptic bullets. Brewer stated that some of them probably could come out.

Hall noted that several areas in the representational letter were vague and not easily understood. He felt if there was something to be said it should be said more clearly. A lot of these were not understandable. Brewer thought those were intentionally vague based on the software used. He added that some of the things were meant to make sure that specific items related to lawsuits.

Chair Bates to Brewer regarding the representation letter: I am inclined to, with some discussion with the Board, go through some of the items, sort them out, and then I will sign. If you have trouble with that you will let us know. Brewer said that was fine and they could discuss it.

Hall asked if the town had any liens or leases on equipment or buildings. The Board was not sure if there were any, but Chair Bates said he would look to see how the document for the Rt. 73 fire training building was written.

Williamson asked about the representation letter: Whose responsibility, is it? What if there is something untoward going on? I don't suggest that there is, but that is a key function of your role. At what point do we get, this is a clean audit, management practices were being done well?

Brewer: What we are tasked with is looking for material mistakes. So, there is a calculation that we do for materiality to say if there is anything less than this. The financial statements might not be totally correct, but it is not enough for the reader's opinion to change if it is \$50 in a

\$10,000,000 budget. Two hundred thousand dollars (\$200,000) is different. That is materially misstated, so we have to change our opinion on the financial statements. We have to disclose what is materially misstated, and then we have to notify the Department of Audit. That would be in the actual auditor's report.

Chair Bates summarized: Brewer would create a document of the financials for the town without the school financials included. The small group would then get together with Brewer when his schedule permitted, hopefully within a few weeks to review the financial document.

- Minutes: The minutes of July 26, 2021, were corrected as follows:

Page 1, paragraph 5, line 3, insert **the space**.

Page 2, paragraph 7, line 5, delete 's and the word **attorney**

Page 2, last paragraph, use **quitclaim** deed

Page 3, under Solid Waste, third paragraph, line 4, delete last sentence and insert Hall **agreed**.

Page 4, under Tipping Fees, line 1, change to: ...over **budget** by 25%

Page 4, under Compactor Building, 2nd paragraph, line 2, change to read: ...more people than normal **here this last year**.

Page 5, last paragraph, use the word **may** budget more.

Page 7, paragraph 4, line 3, use the name **Lori**

A motion was made by Selectperson Elwell, seconded by Hall, to approve July 26, 2021, minutes, as corrected. A roll call vote was taken. The vote was 4-0 in favor, 1 abstention (Sawyer).

- Communications:

- Selectperson Willey received communications from Ken Oelberger. He wanted corrections done to the July 12, 2021, and the June 21, 2021 minutes. Since those have been posted online, those are unable to be corrected. Chair Bates passed the noted corrections onto Tara Elwell, to place in the notebook file.
- Selectperson Willey received an email from Oelberger regarding the adoption of the Remote Participation Policy. The Conservation Commission held a Public Hearing before their meeting and voted in favor of the policy.
- Chair Bates received a communication from Wendy Carr. On behalf of the Solid Waste Committee, Carr invited Rep. Anne Matlack to speak on August 23 at 6 p.m., before the Select Board meeting. Matlack will explain the ramifications of LD 1541, "The Act to Support and Improve Municipal Recycling Programs that Save Taxpayer Money." This is a stewardship program for packaging.
- Selectperson Elwell noted that the St. George Municipal School Unit (MSU) received a \$250,000 grant from the Department of Education for the school's Makerspace/Industrial Arts building. Elwell thought the school would have something in place by the fall of 2022.

- Warrant: The warrant for the week of August 9, 2021, was reviewed and signed. The total expenses were \$103,770.10 and included three payrolls. One payroll was for Tim Polky's payout for vacation and sick time. A return payment of \$3,497.49 to Center for Tech and Civil Life as this was unused grant money for election expenses.

TOWN MANAGER'S REPORT: None.

Selectperson Willey asked about the status of Brian Field's property. She noted that Tim Polky planned to negotiate with Fields about it. Chair Bates stated that Polky did not negotiate with Fields, and added that Fields increased the price of the property to approximately \$120,000.00 and had a real estate agent.

COMMITTEE REPORTS:

- Solid Waste and Recycling Committee: Selectperson Willey reported the committee met on July 28, 2021. The SW&RC will hold a shredding event on September 25, 2021, from 9 a.m. to 1 p.m. at the Jackson Memorial Library, and the library would cover the cost of the shredding event expense.

The committee members had a good talk with the new Town Manager, Richard Erb, about recycling. Chair Carr also announced that the Community Development Center contacted her about getting more involved in recycling.

Ben Caron attended the meeting. He said the Transfer Station had disposed a lot of the recyclables in their storage building and were trying to get the rigid plastic cleaned up.

Caron wanted residents to know that the Paint Care Program was still ongoing, and folks could bring in used, closed cans of paint for disposal.

Willey asked Caron if he was now the manager at the Transfer Station and Caron said yes.

- Conservation Commission (CC): Selectperson Willey reported the CC met on August 5, 2021, at 4 p.m. The CC is planning a Fort Point Public Information Session. They would like to hold the meeting at the Town Office and invite residents to learn what is being done on the Fort Point Trail, to discuss what they would like to see there, and to generally gather more support for the Fort Point Trail.

The CC posted two work trips in the past month. They are collecting steppingstones for the Fort Point Trail to try and improve it.

The Georges River Land Trust will host a meeting with the St. George Conservation Committee and four other towns. The Land Trust wants to encourage more coordination with all the conservation committees.

For more information about the CC and events, go to the town website and click on the Conservation Committee link. The CC is also posting podcasts on the website.

Board of Appeals (BOA): Selectperson Willey reported the Board of Appeals met on August 5, 2021, at 7 p.m. The Board heard an Administrative Appeal. The plaintiff felt that the process was skewed and wanted the abutters to not install a septic system because he felt the town and the state had not reviewed all the information, and the soil tests correctly. The abutters did receive a variance from the state to install a septic system on a nonconforming lot. CEO Brackett issued a permit to the abutters as he had inspected the site, watched while they dug the holes, and tested soil pits, and it was decided that there was enough soil to allow a new type of

septic system. The BOA felt that based on the evidence, the process was correctly followed, and the appeal was denied.

- Planning Board: Chair Bates reported the Planning Board met on July 27, 2021, at 7 p.m.

- The application to modify the existing building at 3 Culver Road was accepted as complete. The Board determined that it satisfied all the Performance Standards in the Site Plan Review, and the application was approved.
- The application to demolish and rebuild a structure at 3 Riverview Lane, Otis Point, was re-considered. Upon further close examination of the Shoreland Zoning Ordinance, the Board concluded that the proposal does not meet the 25' setback requirement from the right-of-way and so the application was denied.
- The application to rebuild the existing building at 535 Island Avenue was accepted as complete; since the changes within the 75' Shoreland Zone did not increase the non-conformity; the application was approved.
- The application to install a 170' pier, a seasonal ramp, and float at 19 Hupper Island was reviewed and a public on-site visit was arranged for 4:00 p.m., Thursday, August 12, 2021.

OLD BUSINESS:

- Remote Participation Policy: A Public Hearing was held on the Policy for Remote Participation in Public Proceedings before the Select Board meeting (August 9, 2021) at 7 p.m. This policy will allow Board members to meet via Zoom in some limited conditions. It will also allow the public to attend meetings via Zoom.

During the Public Hearing, a letter was read from Loreen Meyer stating that she was in favor of the policy. No other comments were made.

A motion was made by Selectperson Elwell, seconded by Willey, to adopt the Policy for Remote Participation in Public Proceedings. The roll call vote was 5-0, in favor.

- Policy for Timely Payments for Utilities and Local Vendors: Chair Bates explained the policy was written to allow a Board member to authorize payments during the weeks the Board does not meet to ensure prompt payment of utilities and local vendors.

This policy is permissible under State law. The Board will still review all payments at regular Select Board meetings, including those authorized in the intermediate weeks.

A motion was made by Selectperson Elwell, seconded by Willey to adopt the Policy for Timely Payments for Utilities and Local Vendors. The roll call vote was 5-0, in favor.

NEW BUSINESS:

- Liquor License Application: Greg and Corrina Howland d/b/a The Happy Clam Pub & Eatery. The Select Board reviewed the liquor license and had no complaints regarding issues of alcohol.

A motion was made by Selectperson Hall, seconded by Elwell, to approve the liquor license of the Happy Clam Pub and Eatery. The roll call vote was 5-0, in favor.

- Sign Municipal Tax Assessment Warrant: Chair Bates said he had reviewed the financials with Finance Director Irene Ames and Assessing Clerk Beth Smith. Smith input the County Tax Appropriations and the school budget information into the State of Maine's tax calculation form and the formula calculated a 9.8 mil rate. The overlay is approximately \$125,000.

A motion by Selectperson Elwell, seconded by Sawyer, to proceed with a 9.8 mil rate based on the 2021 Municipal Tax Rate calculations and to commit that tax rate. A roll call vote was 5-0, in favor.

- Sign Quitclaim Deed: Chair Bates reviewed the Quitclaim deed regarding the 0.1 and acres of property in Port Clyde. Lawrence Oliveri agreed to pay the town \$2,000 for the property. Legal fees for the town were \$175. Bates stated the town received the paperwork, and Oliveri would be sending in the check. Chair Bates explained that the quitclaim deed had already been approved by the Select Board. Chair Bates signed the deed and Irene Ames witnessed his signature.

At 8:27 p.m., on a motion by Selectperson Elwell, seconded by Hall, it was voted 5-0 to adjourn the meeting.

Respectfully Submitted,

Marguerite R. Wilson
Select Board Recording Secretary