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February 12, 2023

Selectboard
Town of Grand Isle, Vermont
9 Hyde Road
Grand Isle, Vermont 05458

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Grand Isle, Vermont as of and for the year ended June 30, 2022 and have issued our report thereon dated February 12, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and “Government Auditing Standards”, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 20, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements, prepared or approved by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Town of Grand Isle, Vermont. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Town of Grand Isle, Vermont’s compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope previously communicated to you in our engagement letter. The completion of our audit was delayed because the books were not completely closed and reconciled by October 1 as indicated in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Grand Isle, Vermont are described in Note I to the financial statements. The Town of Grand Isle, Vermont adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 “Leases”. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town of Grand Isle, Vermont during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The Town reclassified the Records Preservation Reserve Fund, the Reappraisal Reserve Fund and the Transfer Station Reserve Fund, previously reported as separate Special Revenue Funds in the Other Governmental Funds, with the General Fund as they do not qualify to be reported as separate Special Revenue Funds which resulted in a \$257,071 increase in the General Fund fund balance.

We did not audit the solid waste revenues because of inadequacies in the Town’s controls over solid waste receipts during the year. We were unable to obtain sufficient appropriate audit evidence about the completeness of the solid waste revenues in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund (stated at \$82,777) by other auditing procedures.

Management has omitted Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for uncollectible accounts, the useful lives of property, plant and equipment used to compute depreciation, and the net pension liability and related deferred outflows and inflows of resources related to the Town’s participation in VMERS.

Management's estimate of the allowance for uncollectible accounts and the useful lives of property, plant and equipment used to compute depreciation are based on an analysis of the aging of accounts and the nature of the items to be depreciated. The estimate of the net pension liability and related deferred outflows and inflows of resources related to the Town's participation in VMERS is based on information received from the State of Vermont. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts, the useful lives of property, plant and equipment used to compute depreciation and the net pension liability and related deferred outflows and inflows of resources related to the Town's participation in VMERS in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed adjustments that in our judgment, either individually or in the aggregate, had a significant effect on the financial reporting process. These audit adjustments related to fund balance, revenues and expenditures/expenses. These audit adjustments were caused by not reconciling the supporting documentation to the general ledger. These corrections were considered significant in relation to the governmental activities, the General Fund and the Highway Fund. These adjustments were all posted by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 12, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to our acceptance as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our acceptance.

Other Matters

We applied certain limited procedures to the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis for the General Fund, Highway Fund and Library Fund, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the combining schedules which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

Restriction on Use

This information is intended solely for the use of the Selectboard and management of the Town of Grand Isle, Vermont and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Sullivan, Powers & Co.

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