

FINAL Minutes of the Town of East Montpelier Charter Committee  
Wednesday, May 22, 2013  
7:00 pm at the Municipal Building

**Committee members present**

Jack Pauly  
Julie Potter  
Karen Gramer  
Richard Brock (vice-chair, acting as chair)  
Ed Deegan  
Rick Mastelli  
Norman Hill  
Carl Etnier (recording secretary)

**Public present**

Norma Raymond  
Deborah Fillion

**A. Call to Order**

Mr. Brock opened the meeting at 7:03 pm.

**B. Additions to the Agenda**

None.

**C. Public Comment**

Ms. Raymond explained she was here to see what the committee is up to.

**D. Information gathering and discussion about the office of treasurer**

**Jane Burroughs (outside auditor for the town)**

Ms. Burroughs, an East Montpelier resident and a Certified Public Accountant at Fothergill Segale & Valley, had another engagement for the evening. The committee heard an 11-minute recording of a phone conversation that Carl Etnier conducted with her. In it, she made the following points:

- \* Shifting to an appointed treasurer seems to be a hot topic; East Montpelier is the third town that has asked her a question about it this year.
- \* The appointed treasurer gives the town more options for people who may be willing to look at the position. An elected treasurer must live in the town, but a charter can allow the treasurer to serve regardless of town of residence. Also, some individuals may be interested but don't want to run for the office and thereby risk their current employment.
- \* Some towns change responsibilities of treasurer. The treasurer's role can be just signing checks. A financial person is hired to do the detailed work. She is not sure whether it requires a charter change to re-assign work. Sometimes the treasurer hires someone.
- \* A risk with an appointed treasurer is that there more risk that the selectboard influences the treasurer. Better procedures for internal controls are needed with an appointed treasurer, to make sure the selectboard cannot exercise control.
- \* Towns looking at appointed individual want to have more options, to look at resumes and detailed skills. The responsibilities of the treasurer have changed. The bookkeeping is more complicated, and it includes more grant funding, school funding, federal funding, financing, volume of transactions.
- \* It is fine to have an elected treasurer; it may restrict some of your pool.

- \* It's easier to get more coordination of efforts of town officers with an appointed treasurer.
- \* In looking at towns that have changed to an appointed treasurer, from her auditor's perspective, the caliber of the worker is better suited for the position than the previously elected individual. The caliber of an elected treasurer is hit or miss. With an appointed treasurer, you can make a change after 6 or 8 months if the person isn't working out.
- \* In East Montpelier, she's pleased with the work the new treasurer has done. He's converted the books to the accrual method of accounting and used more options with the computerized financial system NEMRC.

**Deborah Fillion (town auditor)**

The committee discussed the fact that the town treasurer also serves as the treasurer for East Montpelier Elementary School. For that reason, it's important to apprise the EMES board of our thinking on the treasurer's position and request their input.

Ms. Fillion's main point was that there are other ways to give more town control over the quality of work of the treasurer than to create a charter. For example, the town treasurer can have different levels of responsibilities. A treasurer can make deposits and sign checks, with others performing the detailed tasks. Town auditors have a role to assist the treasurer, when appropriate. This could have led to a significant breakthrough in 2007, when the auditors had a meeting scheduled with the treasurer to work through the issues the outside auditor raised. The meeting was cancelled when the Selectboard locked down the building in a conflict with the then-treasurer.

In 2006, the Selectboard also created a line item of \$18,600 for outside bookkeeping services.

Ms. Fillion said East Montpelier in 2008 appointed a Finance Director, Robin Hall, which the town could do again. And in 2009, the town hired an outside payroll service.

If the Selectboard wishes to hire others to perform many of the functions of the town treasurer, they can also decrease the remuneration of the treasurer.

Mr. Degan pointed out that a treasurer, once elected, cannot be recalled until the three-year term is over. If the treasurer is not a team player, as Williamstown discovered, it can make problems difficult to solve.

Mr. Mastelli noted that our elected current treasurer, Don Welch, is admired. Elected treasurers can perform well.

Ms. Fillion agreed that Mr. Welch is an excellent team player. Furthermore, she thinks the conflict between the treasurer and the selectboard some years ago was as much the fault of the selectboard as the treasurer. She is leery of putting too much power in the hands of the selectboard.

Mr. Hill asked whether an appointed treasurer would be more likely to be a team player than an elected treasurer. Ms. Fillion described how the auditors were unable to impose procedures on an elected official, and said an appointed treasurer would have more incentive to work with the auditors.

Mr. Etnier asked whether, under a system with an elected, pro-forma treasurer who just signs checks, the treasurer or the selectboard could hire the person to do the detailed bookkeeping. Ms. Fillion checked Vermont statutes (24 VSA §1573) and said that the treasurer may appoint an assistant and, if

the treasurer chooses not to do so after a written request from the selectboard, the selectboard may appoint an assistant.

Ms. Potter asked what happens if an elected treasurer refuses to sign checks--can the person be removed from office? Ms. Fillion did not know.

Ms. Potter wondered how fast the complexity of town finances is increasing--are we at the point where we need a professional rather than an amateur with good intentions. Ms. Fillion said both she and current treasurer Don Welch are amateurs with good intentions, and they make the job work.

Mr. Degan said that bookkeeping complexity is likely to increase.

Ms. Potter noted that some municipalities have charters with a provision to recall local elected officials--that could be an alternative to an appointed treasurer.

Ms. Fillion said that another approach is using the statute that the treasurer must settle the books with the auditors before being eligible for re-election (24 V.S.A. § 1578, 13 V.S.A. § 3006). And the selectboard may order the treasurer at any time to settle the books with the auditors (24 V.S.A. § 1578). However, when she asked the state auditor for clarification of what it means to "settle the books," she did not get a clear answer. Also, according to the Vermont League of Cities and Towns (VLCT), the selectboard can change the treasurer's salary, but probably only at the end of the fiscal year (24 V.S.A. § 933).

Furthermore, the town can vote, without a charter change, to reduce the treasurer's term to one year (17 V.S.A. § 2646(3)).

She also discussed internal controls, and what other responsibilities the person signing the town's checks ought to have. Ms. Fillion added that the treasurer should not be buying anything or signing invoices, only acting on others' authorized spending (warrants) in keeping the books.

Mr. Mastelli asked whether Ms. Fillion anticipated any problems working as an auditor with an appointed treasurer that would not occur now. She replied that, as long as the selectboard and auditors are working well together, she sees no problem working with an appointed treasurer. She reflected that checks and balances would need to be examined, so they are maintained.

Mr. Hill suggested that this discussion came about because of individuals' actions, and the discussion is now about systemic changes. Mr. Etnier replied that this discussion is in the context of small towns in general and Vermont small towns in particular. Ms. Burroughs told him--in a part of their conversation that was not recorded and played for the committee--that most or all of the embezzlement cases in Vermont towns in recent years are from elected treasurers. And that we are hearing accounting complexity is increasing.

Ms. Fillion said that the treasurer need not absorb the increasing complexity of accounting systems--computer systems, like the NEMRC system the town uses, can help. For example, the State Tax Department posts rebates directly to our tax accounts.

Ms. Fillion also said that statutorily, the treasurer and collector of current taxes can be split off, with the treasurer not collecting current taxes.

Ms. Potter said it's useful for her to hear about different options, with and without a charter, for achieving the goals that we're looking at. The committee's recommendations to the community need to include explanations of what options were considered and why we chose what we did.

Mr. Mastelli emphasized the importance of checks and balances. He is more comfortable, for example, with an appointed treasurer if auditors are elected. He contrasted the greater transparency of town budget reports, which are overseen by elected auditors, with school budget reports, which are not.

Mr. Degan suggested efficiency is a criterion worth considering, and our current system could be more efficient. Mr. Hill said he views democracy as more important than efficiency.

Mr. Brock asked Ms. Fillion if she has recommendations. She said she just wants the committee to be aware that there are other options than a charter for achieving some goals. And she was taken aback by the scope of the selectboard's charge to this committee.

Mr. Hill pressed Ms. Fillion on her recommendations. She suggested trying some things short of a charter change, like making the treasurer a one-year elected position and separating collection of current taxes from the treasurer's responsibility. She's not definitely set against a charter, but she sees it as a last resort.

Mr. Pauly said he is ready to consider a charter only for the treasurer and not changing anything else, but he thinks it's important to appoint a treasurer.

Mr. Degan concurs and says keep it simple.

Ms. Raymond noted that Mr. Welch only works part time. She wondered about how easy it would be to find someone willing to work as a treasurer part time. Ms. Fillion and Ms. Potter discussed the possibility of one person working as treasurer for multiple towns.

Ms. Potter wondered what the potential financial exposure is if something goes wrong. Ms. Fillion said that two people must sign each check, but one person can do a large electronic funds transfer without oversight, if the person sets out to embezzle. Exposure from incompetence is also possible; the town has seen an IRS fine and other problems costing hundreds of dollars.

Ms. Potter expressed a desire to consider the other aspects of the selectboard's charge to the committee.

Committee members thanked Deb for appearing before us and for her work for the town over the years.

#### **Don Welch (current treasurer)**

The committee expected to receive written input from Mr. Welch, but no one was aware of any.

#### **E. Additions to list of items to consider**

Karen Gramer wondered about considering all the elected officers in the town to consider whether any of them should be considered for appointment. She asked how the list was created.

Mr. Etnier explained that the selectboard's charge to the committee was not vetted carefully by the selectboard, but came from many directions. He said that the selectboard had been advised by the

VLCT to keep the number of charter provisions to four or five in the initial charter draft.

Mr. Pauly asked about considering appointing a constable, so that we could with confidence give police powers back to our constable.

**Motion: I move we add town constable to the list of officers the committee examines. Made by Mr. Pauly, seconded Mr. Degan. Failed, 1-2.**

Mr. Etnier noted that he had neglected to bring up rules of procedure under the Committee Organization agenda item in the initial meeting. Mr. Brock invited a motion on the subject.

**Motion: I move that the committee act under Robert's Rules, with the additional provisions that a quorum is defined as six people [on the 11-member committee] and that a motion must be approved by majority of the body to pass. Made by Mr. Etnier, seconded by Mr. Mastelli. Passed 9-0.**

#### **F. Discuss overall time frame and division of work - prioritizing topics**

Ms. Miller had written the committee and suggested that we allow two hours for each meeting, instead of the 90 minutes currently scheduled.

**Motion: I move that the committee meetings be scheduled to last two hours. Made by Ms. Potter, seconded by Mr. Mastelli. Passed 9-0.**

#### **G. Set agenda of the next meeting (include a visit from Tony Klein)**

Mr. Brock will contact former treasurer Terri Conti to offer her a chance to address the issue of elected vs. appointed treasurer.

Mr. Etnier will look for the report from former state auditor Tom Salmon recommending the appointment of municipal treasurers and ask current auditor Doug Hoffer whether he would like to speak to the committee on the issue.

Don Welch will be requested for input, in person or in writing.

Tony Klein has received an invitation to attend the next meeting.

Committee members are asked to review Mr. Salmon's report and the VLCT treasurer's handbook.

There is unfinished business from today's agenda, under "F. Discuss overall time frame and division of work - prioritizing topics"

#### **H. Review & Approval of Minutes of May 8, 2013**

Ms. Miller suggested two changes in an email.

**Motion: I move to approve the minutes of the May 8 meeting as amended. Made by Ms. Potter, seconded by Ms. Gramer. Passed, 9-0.**

#### **I. Adjourn**

**Motion: I move we adjourn. Made by Mr. Degan, seconded by Mr. Hill. Passed 9-0 at 9:00.**

