

## **Town Auditors Report January 15, 2024**

The Selectboard and residents of Town of Fair Haven, Vermont,

On Town Meeting Day 2023, Fair Haven voted in three town auditors for the first time in many years. It would be the first in many years that the office of Town Auditor would have a quorum of at least two officers in order to perform the tasks of the office as laid out by Vermont statutes. According to Vermont Statutes Annotated, the auditors must “examine and adjust the accounts of all Town and Town School District officers and all other persons authorized by law to draw orders on the town treasurer”, and the auditors must “report their findings in writing and cause the same to be mailed or otherwise distributed to the legal voters of the Town at least ten days before the annual meeting.” 24 V.S.A. 1681, 1682(a).

Town Auditors are elected by the voting residents of their town and play an important role in preserving the democratic nature of Vermont’s local government and ensures that elected and unelected officials are accountable for their expenditures of the taxpayers’ money. It is the auditor’s job to review the accounts of local officials and report the findings directly to the taxpayers in the form of the Annual Report.

Because the Annual Report is presented only days before Town Meeting, the statutory scheme envisions that if the taxpayers do not like what the auditors’ report indicates about how the officials have spent the taxpayers’ money, the officials can be voted out of office. Therefore, it is the auditor’s function to present an easy-to-understand picture of the Town’s finances to the people of the town.

The Auditors meet on a periodic basis, as volunteers and meeting times and locations were warned and posted. A tab has been created on the Town web page “Departments” tab and we will be adding them there as they are completed. Over the course of our time since the election in March, we have met at least once in May, June, July, August and presented at a Selectboard meeting in September. We have also had face-to-face clarification conversations with the Town Manager, assistant, lister and treasure as we try to get on our feet. Because our group is just being formed after a long stagnation in the office in Fair Haven, a great deal of our work has been in determining protocol, laying down a plan, developing a working relationship with the Selectboard and developing procedures for auditing that jive with the policies (or lack thereof) in our municipal office.

As of September, requests for documents had been turned down by the Town Manager, citing that although the Town would allow for access to documents, as required by law, they would not be involved with performing the clerical work of locating and preparing them for our audit. This left the auditors in need of seeking clarification with the Selectboard regarding what if any clerical work could or should be handled by Town employees. Correspondence with other town's auditors and the Secretary of State's office have revealed that these type of policies are often developed in good faith between all parties and there is little case law used to frame policy.

In September, the three auditors attended a select board meeting in hope of building a good working relationship with them, the Town Manager and other employees involved. Below is a portion of the statement made and our recommendations to the Board:

There are four very important recommendations that we wish not to wait to recommend to the Selectboard until our yearly report.

In the past month we have reached out to another Town's auditor to discuss protocol for access to documents. We have also been discussing said protocol with Joe this August. We have also received complaints from citizens who are confused regarding access to Town documents as a citizen.

- The auditors are advising the Selectboard to actually draft a policy regarding access to documents from citizens AND auditors. Should all documents requested be only available through the work of auditors physically "going through" files, or should the clerical work be done by town staff? Should a citizen be able to use the town copier to make copies of documents? Should the chair of a small committee of a project in town (ie. Rec committee) be able to request access to bank statements to check for discrepancies in their budget?
- We advise the Selectboard to read the State statute regarding auditors and make sure that your policy perfectly aligns with this, as we will be in contact with the Secretary of State the morning after it is voted on to make sure it is, as our residents deserve a town that follows the law and supports their auditors. We are quite sure that at times documents must actually be presented to us, and we are quite sure that citizens or auditors paying fees to receive information would not be in said policy.
- Second, we have received two very detailed complaints regarding financial issues in the past weeks that we believe deserve an honest "hearing out" from the Selectboard and that the discussion should not be led and interpreted by the

Town Manager, but the two citizens who have experienced the confusion and frustration. Although I am not giving out their names and contacts in this meeting, I will be passing them on to chairman Richards a.s.a.p. These two residents deserve to be heard, as their complaints seem very legitimate. I also hope that our elected auditors can become a forum for said concerns in the future and that these issues can be handled through elected officials and not Town employees.

- We have also come to consensus that the Town of Fair Haven has some branches, such as the Summer Recreation program, the Dog Park and Concerts in the Park that are incredibly important assets to our community that need to begin providing financial statements and bank account records to the auditors in upcoming years. We are confident, knowing the character of the people in charge of these programs that all is in order, but knowing these programs are too important to see lost or depleted from financial problems caused by turnover or management in the next decade, it should become protocol to submit yearly financial reports to the Selectboard and auditors.
- Lastly, we believe that our Town has been missing an important part of a well-functioning municipality, in the last decade; project finance planning and reporting. It seems as though the Town often jumps into large, incredibly expensive infrastructure projects and does the planning as we go. The problem with this is not the sentiments that create the desire to make the Town a better place or the feasibility of the projects, but the lack of projection for payment. In recent years and months, there have been some hasty shifting of funds from reserve accounts, voted on by the citizens into paying for projects. Some of these projects were started under the catalyst of grant money. We all know, or should, that large sums of grant money can be “recaptured” if the project does not progress or if funds are used inappropriately. Therefore, this “free money” acts a lot like debt, since the project must roll on, no matter what that means for the budget, taxpayers or Town employees. Because of this, we are advising the Board to ask the Town Manager for project finance planning reports for current large projects and any future project, before applying for grants. When large sums of money for such things as paving sidewalks is simply transferred into a project that most people in town haven’t even heard of, there should at least be an acknowledgment of superseding the voter’s intent, afterwards. More importantly, it should be avoided prior.

The elected auditors truly hope that in the next three years, the Selectboard, Town Manager and citizens can see our role in a positive light and work together as an asset to a better functioning Fair Haven and that the tradition of transparency continues another 244 years.”

The Selectboard was also presented, that evening, with the knowledge that the Town Treasurer was required to complete the Internal Controls checklist as part of the yearly Auditor's report and the Town Manager was presented with the document.

Dates were given to the Town Manager on October 17th to schedule visits from auditors to access bank statements since the March election and the Town's accounting for them. We also planned to view and photocopy other pertinent documents to recent expenditures. As we were nearing the date of the first visit, it was requested by the Town that we postpone until one of the later dates, and once again around that date our visits were extended until after the new year. However, the schedules of the three auditors did not allow us to take weekdays off after January 1st. As of today, we are sorry to report, we have not yet audited any of the documents required to assure the following:

1. Approval of the Internal Controls checklist
2. Verify stated account balances
3. Test bank and investment account reconciliations
4. Review cash rollforward
5. Read loan and grant documents to compare loan detail and listing
6. Review present loan repayment schedule
7. Vouch that loan payments match bank statements
8. Vouch that previously requested committee financial statements have or will be submitted
9. Vouch that acquired grant monies have been spent on the projects allocated for
10. Checks have been written in accordance with warrants

Having not yet completed our first full fiscal year as auditors, we are disappointed in what we are able to report as of 1/15/2024. It has taken most of our time and energy to try and re-establish the office of Auditor in our Town as a legitimate part of our self-governing tradition. We will be writing formal requests for policies regarding access to files, as was requested by our Selectboard at the meeting we attended in October.

We will continue to meet and audit through our elected terms and deliver more information regarding the finances of our Town as we develop them.

**Lillian Billewicz**  
**Glen Roberts**  
**Mike Stannard**

