

Finance Committee Report

July 15, 2013

To the Selectboard and Residents of Blandford:

The Finance Committee has determined that it is appropriate to prepare and submit a report to the town on the status of Blandford's financial condition, specifically reviewing the progress of recommendations made by this Committee one year ago to address several serious issues requiring attention. The referenced report of July 16, 2012 is hereby attached. A brief comment on each major section of that report will suffice to provide a picture of our momentum in achieving those recommendations.

The *First* category references taxpayer record discrepancies. The estimated value of the initially quantifiable discrepancy (\$50-55K) has grown, but its final size is still in doubt. There have been some specific problem areas identified but there have been no concrete steps to remedy the errors. Further, these problem areas are being investigated by volunteers on an ad hoc basis. The 2012 recommendation of acquiring external, professional assistance has not been followed, yielding no appreciable progress. A further recommendation to the Selectboard was to submit a letter to the bonding company for a claim in the amount believed to be in question. We do not understand this step to have been taken.

The *Second* category references town records (Expense and Revenue Reports; Monthly Reconciliations). The problems identified in last year's report continue without any improvement. We are not receiving regular, accurate expense reports. We are not receiving any revenue reports, and while the monthly reconciliations of revenue have been a topic of many Selectboard meetings, the results have not been forthcoming. Without these reports being provided consistently and accurately, the town is unable to determine its financial condition at any given time, nor prepare a remedy for problem areas, when identified.

The *Third* category was labeled "Measures of Success". These measures include closing the fiscal year on time and accurately; preparing the Recap on time; Ensuring that free cash is available; and paying bills on time with good working relationship with vendors. Three of the four measures can be described as being in the same or worse shape than the previous year. Our closing target and recap targets were missed badly. And vendors (as well as employees) are still complaining about late payments.

The only positive note was our free cash calculation which finally (barely) had a positive balance resulting from some state Cherry Sheet money coming to us a year later than expected. Since this additional state payment will not recur, our positive free cash trend is still in question.

The ***Forth*** category outlines issues presented by outside auditors. It is safe to say that the issues raised by these three independent bodies are still problematic. The fact that our annual audit for 2011 was finally halted when it was clear that we would not be able to provide the requested documents, followed by agreement to use the 2012 audit funds to correct the existing problems, shows the depth of the problem in this area. We **did not** make corrections to our accounting systems as outlined with those funds, leaving our 2013 audit in the same predictable (negative) condition as the past several ones. Conclusion – no progress.

The ***Fifth*** category is our status with delinquent tax collections. We do not know the current status of this problem since the 2012 report listing over \$990,000 in overdue taxes. It would be enlightening to have the Selectboard make comment on the status of this issue.

The ***Sixth*** category consists of communications. Regarding this issue, I can only report that as late as last week, I observed a resident in the Town Offices looking to purchase a dump sticker and found no information to assist him in locating a department, finding hours of operation, or getting contact info for any member of the town to resolve his inquiry. As this was my third visit to the town hall last week without seeing anyone except our maintenance employee, I presume that the town was on vacation for the period. It appears that we have not made progress in providing the means for residents and others to have their town needs met in a systematic, timely and positive manner.

We look forward to the Selectboard's comments in confirming or amending the above impressions. We further recommend establishing a posted plan of correction for the listed problems, in order of importance (including the specific tasks, responsible people and target dates for completion) should they be interested in doing so. We look forward to supporting their efforts.

Sincerely,

Andrew Montanaro,
Chairman,
Finance Committee