



November 25, 2013

Dear Residents and Neighbors of Blandford;

We are coming to the close of a tumultuous year, and realize that some of the issues that have, and continue to face us, may not be well understood. In an effort to bring everyone up to date and provide some level of clarity, we submit for your consideration the outline below of ongoing financial issues. In fairness to all, it must be understood that these issues are not the result of one individual or set of circumstances, but reflect several years of processes, and several people entering and leaving important positions in town government. Our primary goal is to find solutions where problems exist, rigorously working our way through the dangerous waters in which we find ourselves. For further clarification, you may want to attend Selectboard or Finance Meetings (as posted) or speak to any of the members of these committees or the departments involved.

1. The Gateway School budget has just been approved by the required 5 towns this week. Revised versions of the budget have been submitted to the towns for their review, and both Chester and Russell approved Version 5 for a confirmed budget. As a result, Blandford will realize some reductions in our initial assessment for this fiscal year, which will now be used to support some of the initiatives listed below.
2. As of last month, officials of the town met again with FEMA, providing documentation of expenses incurred in 2011 totaling \$907,549 as a result of Hurricane Irene (including the new Hiram Blair bridge). As originally submitted, our records (and our procedures for approving these expenditures) were incomplete and did not follow required purchasing and approval regulations. The current Selectboard has reconstructed as many records as possible, and prepared a narrative of events which they presented to FEMA in October. We are awaiting their response to our appeal for reimbursement. Their response will dictate whether we receive 75% of the amount spent, or we will be required to repay these loans entirely from our own revenue – which is neither budgeted nor available.
3. The lawsuit in which the town of Blandford has been named a defendant, is still ongoing. We are being sued by a former vendor for \$1.4 million for services provided during the 2008 ice storm. Our contract documentation and procedures for amending the contract are a central part of this suit. While the final cost to the town has yet to be determined by the court, attorney's fees continue to mount. And by settlement date, any reimbursement funds for these expenses may or may not be available from FEMA.
4. The town has just recently appointed a new Treasurer. Diane Razcowski started her duties two weeks ago, after two previous incumbents left office in the past 1 ½ years. We encourage you to welcome her to Blandford. One of her first duties will be to repay the quarterly withholding and other taxes that were not submitted to the federal and state governments throughout the previous fiscal year. Proper records and re-organization of the office will be necessary in order to avoid this becoming a repeatable event.

In addition the new Treasurer must also sort out the town's borrowing records, to determine payments of both interest and principle on loans taken, within the proper time requirements

these demand. The order of these loans is currently in a state of confusion, without a clear sequence for clearing or coordinating their repayment.

5. We have just submitted paperwork to close our books for the past fiscal year (ending June 30th) after missing multiple commitment dates. These records have yet to be accepted by the state. These delays have become habitual over the years, causing several problems. Among them, our credibility with the state is put into question; we do not have free cash available to manage current expense demands; setting our tax rate becomes a crunch process; and completing a list of other (internal and external) financial management and reporting commitments are delayed. As an example, the annual audit of our books cannot begin until our books are closed, and any deficiencies found in last year's records or processes will be doubly hard to correct in what little remains of this fiscal year.
6. Having presented to the Selectboard a list of concerns that the Finance Committee has identified over the past two years, we determined that a high priority objective continues to be reconciling our income monthly. In the two and one half years of requesting this basic step of financial management, it has yet to be initiated and maintained. In conjunction with this objective, it has come to our attention that we have not been using bank statements for balancing, or as a basis for confirming our internal records.
7. An Audit of the Tax Collector's records, to more accurately and completely outline the extent of incomplete and incorrect tax payer payments, will begin shortly. This is a follow-up to an initial Turnover audit (2011) that identified deficiencies in the then current records. It was agreed that when the current Tax Collector took office, the town would assist in putting past records back into order. This audit is a step toward meeting that commitment. Anyone who believes that any of their payment records (Excise, Water, Real Estate) are inaccurate should formally notify the Tax Collector, providing receipts or other documentation of discrepancies, as available.
8. The condition of both the Fire Department building and the Highway Department building are in a state of serious deterioration. The town must face the fact that we must repair or replace these buildings in the near future if we want these departments to function properly.

While some of these issues are years in the making, the types of problems we observe can be condensed into a few general categories. First, the routine, minute by minute oversight needed to spot (and correct) serious financial weaknesses and procedural errors in their infancy has been missing. Second, sound business practices with standard operating procedures that correspond to Department of Revenue and Auditor's recommendations are inconsistent. Third, we have not been setting aside funds regularly for future problems, ones that every home and government entity eventually incur. We believe that changing these three areas will greatly improve the town's current operations and stability, standing with the Dept. of Revenue, and our preparedness for the future.

We will be conducting an informational meeting on December 9th – after the special town meeting, to review these issues in more detail and answer any questions you may have. Understanding these issues more clearly, we then face the task of generating solutions and carrying them out in a timely fashion. We ask for your active input, advice and support in our journey forward. Please join us in this self-governing experiment we call democracy.

Sincerely,
Your Finance Committee