

Thank you to Betty for approving my taking the May 2010 Financial Training School offered by the NY State Office of the Comptroller and the Association of Towns. It was an excellent experience and well worth the time and money.

Topics included the Town Budget Process, Budget Preparation, Recommendations for Smart Procurement, Preparing Request for Proposals, Tracking Service Costs and suggestions for best practices during fiscal stress.

The State Comptroller' publication entitled "Fiscal Oversight Responsibilities of the Governing Board" presents the basics. It offers helpful guidance on how to carry out our responsibilities. For the benefit of our citizens' present, there are three major areas of Town Board fiscal responsibility:

- Developing Policies: among them are our Investment and Procurement Policies for which there are specific legal requirements;
- Monitoring Fiscal Operations: necessary reports for monthly fiscal monitoring and year-over-year history for budget development
- Conducting Audits: Guidelines for claims auditing and annual auditing requirements.

Using the information gained from these training sessions I have begun studying our financial reports. Cheryl has been most helpful in gathering together the materials available for understanding where we are and what we need to do.

What I have found has raised questions that can only be answered by further analysis of additional financial reports and documents. As in most towns, the supervisor serves as Chief Fiscal Officer. The Town Board has the authority and responsibility for the general management and control of all of the Town's financial affairs. Day to day management of our financial operations is handled by our appointed bookkeeper, Mark Fitzgerald, with some responsibility by Town Clerk, Cheryl Rogers. All Taghkanic citizens, as taxpayers, are equal stakeholders in the town monies.

As Town Board members we represent every citizen and, ultimately, as stated by the Office of the Comptroller, financial decisions are the responsibility of the governing board. Interim reports (like budgetary status reports) are needed to keep the board informed about financial, performance, and legal compliance matters.

This is a perfect time to step back and review our financial position at the six-month mark. Once we are clear about our finances we will be ready to begin the work of building the 2011 budget that is due in preliminary form in September. Now is not too early to begin.

I will cover some of these findings and make a recommendation for discussion in the New Business Section.

## FINDINGS AND NEW BUSINESS DISCUSSION POINTS

Just to state my position as clearly as possible: all public money - every penny - must be accounted for at all times; and all transactions must be 100% transparent and easily understood by all Town Board members and taxpayers of Taghkanic.

Examples of things that need review and clarification:

1. Mathematical errors: the monthly reports for 2010 show incorrect "Balance" column totals; e.g, in the April report the Balance column showing what is left in our General Fund Appropriations is \$24,457.79 short because not all lines were completed for that column.
2. Discrepancies:
  - a. The 2009 year end report states that "not all funds were secured beyond the FDIC" coverage of deposited money. This coverage is required by Town Law and Taghkanic's own investment policy.
  - b. In July of 2009, \$40,000 was taken out of the Capital Highway Reserve Fund. We all understand that was for a truck. It is a Type Reserve Fund as opposed to a fund for something specific like a Salt Shed. The process for doing this is - as stated by the Comptroller, "... generally a permissive referendum is required prior to expenditure for items with a useful life of more than five years". A permissive referendum is a legal notice informing taxpayers of the board's planned action and of a period for public response. Any money taken from a Type Reserve Fund must have a budget amendment by resolution stating where the money came from and where it is to be appropriated. The minutes should always reflect any such action taken and must appear on the monthly and year end financial report with the proper interfund transfer codes. This process makes financial management transparent.

Unfortunately, there is no indication in the minutes of this action having been taken; there is no budget amendment reflecting the movement of these monies; monthly financial reports and the year-end financial report do not show the movement of this money under the interfund transfer code. Therefore, there is no transparency and can not be tracked - even though we understand it went to the purchase of a truck.

3. Insufficient reports. At any given time a Town Board member should be able to see bank statements and reports from all funds and accounts for all monies held by the Town of Taghkanic. These would be monthly electronic versions of accounting records as suggested by the Comptroller. They include but are not restricted to: General Journals, General Ledgers, Cash Receipts and Disbursement Records, Revenue and Expenditure Ledgers, Expense Ledgers from Proprietary Funds like our Trust and Agency, Bank Statements and Monthly Reconciliations, Budgeted vs Actual revenue and expenditures.

Our monthly reports do not always box to the corresponding on-demand money market account or add up within themselves. We need to get this corrected and we also need to see 1) monthly bank statements and reconciliations and 2) monthly Budgeted vs Actual Revenues and Expenditures for Current Month 2010 vs 2009 and Year-To-Date 2010 vs 2009. The current level of reporting is insufficient for any of us to feel secure about the town's financial condition.

To that end, I propose the following:

To adequately perform our duties as elected officials and carry out the trust we hold to the taxpayers of Taghkanic we need to:

1. Gather information in usable electronic form for all of 2009 and YTD at 2010.
2. Develop questions from all Town Board members
3. Call a special meeting dedicated to financial review and clarification.

It is an urgent situation. We need to address a mandated Salt Shed for which we have a potential liability of \$5,000 a day in fines and a mandated Zoning Commission with limited or no budget. Tom's report states the urgent need for two trucks to replace deteriorated and unroadworthy equipment. We **must** get a handle on our financial condition.

Suggested dates:

Wednesday, 16 June to receive the reports

Tuesday, 22 June to review reports with Mark Fitzgerald